



AGENDA

FINANCE COMMITTEE Meeting Notice

Date: Tuesday, November 15, 2016; 11:30 a.m.
Location: Committee Room **250**, City Hall
Commissioners: Mar (Chair), Cohen (Vice Chair), Campos, Kim, Yee and Wiener (Ex Officio)

Clerk: Steve Stamos

Page

1. Roll Call

Consent Calendar

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| 2. | Approve the Minutes of the October 11, 2016 Meeting – ACTION* | 5 |
| 3. | Internal Accounting and Investment Report for the Three Months Ending September 30, 2016 – INFORMATION* | 9 |

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.

End of Consent Calendar

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| 4. | Recommend Acceptance of the Audit Report for the Fiscal Year Ended June 30, 2016 – ACTION* | 33 |
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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, 2016 was conducted in accordance with generally accepted auditing standards by the independent, certified public accounting firm of Vavrinek, Trine, Day & Co., LLP (Vavrinek, Trine, Day & Co.). The Transportation Authority received all unmodified (also known as a clean opinion/unqualified opinion) audit opinions from Vavrinek, Trine, Day & Co., with no findings or recommendations for improvements. For the fiscal audit, Vavrinek, Trine, Day & Co. 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 Interstate-80/Yerba Buena Island Interchange Improvement and Bridge Structures Project. For the single audit, Vavrinek, Trine, Day & Co. 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 is attached.

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| 5. | Bayshore Boulevard/Cesar Chavez Street/Potrero Avenue Intersection Improvement Study Update – INFORMATION* | 107 |
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At the Finance Committee meeting San Francisco Municipal Transportation Agency (SFMTA) staff will provide an update on the Bayshore Boulevard/Cesar Chavez Street/Potrero Avenue Intersection Improvement Study

(Study) funded with District 10 Neighborhood Transportation Improvement Program (NTIP) capital funds from the Prop K transportation sales tax. In the Study area, Cesar Chavez Street, Bayshore Boulevard and Potrero Avenue change from city streets to a complex arrangement of bridges and ramps linking with U.S. 101. The intersection (known as “the Hairball”) is built in three levels, with pedestrian and bicycle circulation generally restricted to the middle and ground levels, while motor vehicles use all three levels. Due to the many paths that intersect the interchange is challenging to navigate and there are points of conflict between vehicles, pedestrians and bicycles. In 2010, the San Francisco Planning Department began an outreach process to develop a community-supported vision and design for a safe, comfortable and accessible Cesar Chavez Street for all users. This process culminated in the Cesar Chavez East Community Design Plan, which was finalized in early 2012 and separates the Study area into a series of segments and includes safety improvement recommendations for each segment. In fall 2015, the SFMTA and San Francisco Public Works (SFPW) received \$100,000 in NTIP funds to develop recommendations for safety improvements at five of the prioritized segments. The attached report presents project goals, existing conditions, key issues, and preliminary designs for these five key segments as well as a conceptual lighting plan for the entire Study area. Building on this report, the SFMTA has identified some funding in the agency’s Fiscal Year 2017-21 Capital Improvements Plan (CIP) and is working with SFPW to finalize conceptual design for three of the key segments; detailed design for these segments will begin early next year.

6. State and Federal Legislative Update – INFORMATION

Every month, we provide an update on state and federal legislation and, when appropriate, seek recommendations to adopt new positions on active legislation. We are not recommending any new positions this month. At the Committee meeting we will provide a brief update on the results of the November 8 election.

7. Introduction of New Items – INFORMATION

During this segment of the meeting, Committee members may make comments on items not specifically listed above, or introduce or request items for future consideration.

8. Public Comment

9. 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 and the Committee Room are available upon request at the Clerk of the Board's Office, Room 244. 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, 7, 9, 19, 21, 47, and 49. 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 meeting 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.

Finance Committee Meeting Agenda

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.



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DRAFT MINUTES

FINANCE COMMITTEE

Tuesday, October 11, 2016

1. Roll Call

Chair Mar called the meeting to order at 12:08 p.m.

Present at Roll Call: Commissioners Campos, Mar and Yee (3)

Absent at Roll Call: Commissioners Cohen (entered during Item 3) and Kim (2)

Consent Calendar

2. Approve the Minutes of the June 14, 2016 Meeting – ACTION

3. Investment Report for the Quarter Ended June 30, 2016 – INFORMATION

There was no public comment.

The Consent Calendar was approved without objection by the following vote:

Ayes: Commissioners Campos, Cohen, Mar and Yee (4)

Absent: Commissioner Kim (1)

End of Consent Calendar

4. State and Federal Legislative Update – INFORMATION

Marks Watts, State Legislative Advocate for the Transportation Authority, presented the item per the legislation matrix.

Chair Mar asked, regarding the new Transformative Communities program, what was meant by “transformative”. Mr. Watts responded that it referred to a host of planning and potential implementation projects that would impact a small portion of a community with the intent of transforming the quality of life there. He said it involved a mix of integrated transportation and affordable housing projects that would build on each other and expand the community’s ability to reduce greenhouse gas emissions.

Chair Mar noted that \$140 million was allocated for the program, with 50% going to the County of Fresno, 25% to the County of Los Angeles, and a third county yet to be selected. Mr. Watts added that the Mayor of Fresno had attended all of the budget hearing committees in the spring and so he was not surprised that Fresno received funding.

Commissioner Yee asked which city departments were working on the automated speed enforcement legislation. Mr. Watts replied that he believed the San Francisco Municipal Transportation Agency was leading this effort. Commissioner Yee asked if automatic speed enforcement had any sponsors for the legislation, to which Mr. Watts replied that he was not aware of any and was only informed that this legislation may be a priority in the coming legislative session.

Chair Mar commented thanked Commissioner Campos for his leadership around equity at the Metropolitan Transportation Commission and Commissioner Yee for his work on tour bus safety issues at the local level.

There was no public comment.

5. Recommend Executing a Memorandum of Agreement with the Treasure Island Development Authority for the Yerba Buena Island Vista Point Operation Services in an Amount Not to Exceed \$500,000 through December 31, 2018, and Authorizing the Executive Director to Negotiate Payment Terms and Non-Material Agreement Terms and Conditions – ACTION

Eric Cordoba, Deputy Director for Capital Projects, presented the item per the staff memorandum.

Commissioner Yee asked if there would be a new eastbound off-ramp as part of the project. Mr. Cordoba replied that there was an existing eastbound off-ramp on the east side of Yerba Buena Island but that it had been closed for over ten years. He said that it would be reopened as part of the improvements to the interchange expected in mid to late 2018. Commissioner Yee asked if it would be an exit from the right lane. Mr. Cordoba replied that traveling from San Francisco to Treasure Island there was an existing exit from the left lane that would stay open and was the most direct route to Treasure Island, but that once the eastbound off-ramp opened it would be from the right lane and a more direct route to Yerba Buena Island.

There was no public comment.

The item was approved without objection by the following vote:

Ayes: Commissioners Campos, Cohen, Mar and Yee (4)

Absent: Commissioner Kim (1)

6. Alemany Interchange Improvement Study Update – INFORMATION

Rachel Hiatt, Principal Transportation Planner, presented the item per the staff memorandum.

Commissioner Campos asked about the community involvement in the study. Ms. Hiatt responded that the study was initiated by the Portola Neighborhood Association which had communicated safety issues with the Alemany Interchange, particularly pedestrian and bicycle access to the local farmer's market located on the north side of Alemany Boulevard. She said there were a number of gaps in the bicycle and pedestrian networks, particularly traveling from north to south across Alemany Boulevard, and that the farmer's market was a very popular destination which led to people making an informal path under the freeway ramps.

Commissioner Cohen commented that improvements to the intersection were a long time coming and noted the population growth in the southeastern sector of the city, particularly in the Portola neighborhood. She said the Alemany interchange was a dangerous intersection and so the improvements should be completed as quickly as possible. She also appreciated that the study took into account the flooding that happened on an annual basis underneath the freeway overpass.

Commissioner Campos asked what the timeline was for funding options. Ms. Hiatt responded that staff would come back within the next few months with a funding plan. She said staff was currently completing outreach regarding design and had cost estimates for design but would be considering which grant sources to target for funding.

Tilly Chang, Executive Director, commented that staff would request Neighborhood Transportation Improvement Program capital funds from District 9 to advance design while the funding plan was completed so that the project could be expedited.

Commissioner Campos noted that his term on the Board of Supervisors would be ending on January 8 and that he would be happy to advocate for specific funding sources at the Transportation Authority Board, the Board of Supervisors, or the Metropolitan Transportation Commission prior to that.

Commissioner Cohen commented that if an action on funding was not taken by January 8 she would also advocate for funding for the project.

There was no public comment.

7. Introduction of New Items – INFORMATION

There was no public comment.

8. Public Comment

During public comment, Andrew Yip spoke about self-nature and enlightenment.

9. Adjournment

The meeting was adjourned at 12:53 p.m.



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Memorandum

Date: 11.09.16 **RE:** Finance Committee
November 15, 2016

To: Finance Committee: Commissioners Mar (Chair), Cohen (Vice Chair), Campos, Kim, Yee and Wiener (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, 2016

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.

BACKGROUND

The Transportation Authority's Fiscal Policy (Resolution 16-56) 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 16-56) 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 a Balance Sheet (Attachment 1) and a Statement of Revenues, Expenditures, and Changes in Fund Balances, with Budget Comparison (Attachment 2). In Attachment 2, the last two columns show, respectively, the budget values, and the variance of revenues and expenditures as compared to the approved budget. For the three months ending September 30, 2016, the numbers in the approved budget column are one-fourth of the total approved annual budget for Fiscal Year (FY) 2016/17. Although the sales tax (Prop K), vehicle registration fees (Prop AA), accruals and revolving credit loan are included for the three-month totals, 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, 2016 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.

DISCUSSION

The purpose of this memorandum is to provide the Finance Committee with the Internal Accounting Report and the Investment Report for the FY 2016/17 period ending September 30, 2016.

The Balance Sheet (Attachment 1) presents assets, liabilities, and fund balances as of September 30, 2016. Cash, deposits and investments total to \$71.3 million as of September 30, 2016. Other assets total \$31.8 million and includes \$7.4 million of program receivable mainly related to grant reimbursements for the I-80/Yerba Buena Island (YBI) Interchange Improvement Project, \$2.9 million in an intergovernmental loan receivable from the Treasure Island Development Authority for the repayment of preliminary engineering and design costs for the I-80/YBI Interchange Improvement Project, and \$15.4 million in sales tax receivable. Liabilities total \$149.6 million as of September 30, 2016 and include \$30.1 million in accounts payable and an outstanding revolving credit loan of \$114.7 million.

There is a negative of \$47.0 million in total fund balances, which is largely the result of how multi-year programming commitments are accounted for. Future sales tax revenues and grant reimbursements collected will fully fund this difference. This amount is obtained as follows: \$8.9 million is restricted for capital projects, and \$56.0 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 \$56.0 million unassigned negative fund balance.

The Statement of Revenues, Expenditures, and Changes in Fund Balances with Budget Comparison (Attachment 2) compares budget to actual levels for revenues and expenditures for the first three months of the fiscal year. The Transportation Authority earned \$34.2 million of revenues in the first quarter. Sales tax revenues and vehicle registration fees total \$22.5 million and \$1.3 million, respectively for the three months ending September 30, 2016 and program revenues total \$10.4 million.

As of September 30, 2016, the Transportation Authority incurred \$7.0 million of expenditures. Expenditures included \$4.8 million in capital projects costs, \$129,061 in interest and fiscal charges, and \$2.1 million for personnel and non-personnel expenditures.

For the three months ending September 30, 2016, revenues were higher than budgetary estimates by \$2.8 million for all of the Transportation Authority's programs due to a change in the revenue recognition period from 90 days to 60 days, where revenues collected 60 days after the fiscal year ended June 30th, 2016 are now considered revenues collected for FY 2016/17. Total expenditures were lower than the budgetary estimates by \$50.6 million. This amount includes a favorable variance of \$234,732 for personnel and non-personnel expenditures, \$110,939 million of interest and fiscal charges, and a favorable variance of \$50.2 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 normal prior year patterns, Transportation Authority staff anticipates a higher level of Prop K reimbursement requests during the next quarters.

As of September 30, 2016, approximately 66.7% 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 3 is the most recent investment report furnished by the Office of the Treasurer.

ALTERNATIVES

None. This is an information item.

CAC POSITION

None. This is an information item.

FINANCIAL IMPACTS

None. This is an information item.

RECOMMENDATION

None. This is an information item.

Attachments (3):

1. Balance Sheet (unaudited)
2. Statement of Revenue, Expenditures, and Changes in Fund Balance with Budget Comparison (unaudited)
3. Investment Report for September 30, 2016

ATTACHMENT 1
SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
Balance Sheet (unaudited)
Governmental Funds
September 30, 2016

	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	\$ 11,791,872	\$ -	\$ 1,173,961	\$ 10,756,218	\$ -	\$ 23,722,051
Deposits and Investments with City Treasurer	47,573,822	-	-	-	-	47,573,822
Sales Tax Receivable	15,379,257	-	-	-	-	15,379,257
Vehicle Registration Fees Receivable	-	-	-	1,344,722	-	1,344,722
Interest Receivable from the City and County of San Francisco	48,383	-	-	-	-	48,383
Program Receivable	26,412	6,722,258	404,332	-	275,894	7,428,896
Intergovernmental Loan Receivable	2,940,441	-	-	-	-	2,940,441
Due From Other Funds	4,532,150	-	-	-	-	4,532,150
Prepaid Costs and Deposits	81,580	-	-	-	-	81,580
Total Assets	\$ 82,373,917	\$ 6,722,258	\$ 1,578,293	\$ 12,100,940	\$ 275,894	\$ 103,051,302
Liabilities:						
Accounts Payable	\$ 22,859,835	\$ 2,875,678	\$ 359,900	\$ 3,875,414	\$ 148,637	\$ 30,119,464
Accrued Salaries and Taxes	266,780	-	-	-	-	266,780
Due to Other Funds	-	3,846,580	426,154	132,159	127,257	4,532,150
Revolver Credit Loan	114,664,165	-	-	-	-	114,664,165
Total Liabilities	\$ 137,790,780	\$ 6,722,258	\$ 786,054	\$ 4,007,573	\$ 275,894	\$ 149,582,559
Deferred Inflows of Resources:						
Unavailable Program Revenues	\$ 505,488	\$ -	\$ -	\$ -	\$ -	\$ 505,488
Fund Balances (Deficit):						
Nonspendable	81,580	-	-	-	-	81,580
Restricted for Capital Projects	-	-	792,239	8,093,367	-	8,885,606
Unassigned	(56,003,931)	-	-	-	-	(56,003,931)
Total Fund Balances (Deficit)	\$ (55,922,351)	\$ -	\$ 792,239	\$ 8,093,367	\$ -	\$ (47,036,745)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 82,373,917	\$ 6,722,258	\$ 1,578,293	\$ 12,100,940	\$ 275,894	\$ 103,051,302

ATTACHMENT 2
SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
Statement of Revenue, Expenditures, and Changes in Fund Balances with Budget Comparison (unaudited)
Governmental Funds
For the Three Months Ending September 30, 2016

	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	Proposed Budget Fiscal Year 2016/17	Variance with Proposed Budget Positive (Negative)
Revenues:								
Sales Tax	\$ 22,457,620	\$ -	\$ -	\$ -	\$ -	\$ 22,457,620	\$ 27,054,785	\$ (4,597,165)
Vehicle Registration Fee	-	-	-	1,344,722	-	1,344,722	1,208,512	136,210
Investment Income	49,413	-	298	640	-	50,351	83,677	(33,326)
Program Revenue	52,601	9,627,225	404,332	-	285,623	10,369,781	3,090,166	7,279,615
Other Revenue	64	-	-	-	-	64	11,636	(11,572)
Total Revenues	\$ 22,559,698	\$ 9,627,225	\$ 404,630	\$ 1,345,362	\$ 285,623	\$ 34,222,538	\$ 31,448,776	\$ 2,773,762
Expenditures:								
Personnel Expenditures	\$ 1,043,972	\$ 494,862	\$ 5,611	\$ 49,367	\$ 50,252	\$ 1,644,064	\$ 1,721,013	\$ 76,949
Non-personnel Expenditures	435,681	6,013	-	-	4,843	446,537	604,320	157,783
Capital Project Costs	316,883	4,111,782	1,144	179,950	148,630	4,758,389	54,985,838	50,227,449
Interest and Fiscal Charges	129,061	-	-	-	-	129,061	240,000	110,939
Total Expenditures	\$ 1,925,597	\$ 4,612,657	\$ 6,755	\$ 229,317	\$ 203,725	\$ 6,978,051	\$ 57,551,171	\$ 50,573,120
Excess of Revenues over Expenditures	\$ 20,634,101	\$ 5,014,568	\$ 397,875	\$ 1,116,045	\$ 81,898	\$ 27,244,487	\$ (26,102,395)	\$ 53,346,882
Other financing sources (uses):								
Transfers In and out	5,096,466	(5,014,568)	-	-	(81,898)	-	4,000,000	4,000,000
Net Change in Fund Balances	\$ 25,730,567	\$ -	\$ 397,875	\$ 1,116,045	\$ -	\$ 27,244,487	\$ (30,102,395)	\$ 57,346,882
Fund Balances (Deficit), Beginning of the Period	33,011,247	-	394,366	6,977,322	-	40,382,935		
Revolver Credit Loan	(114,664,165)	-	-	-	-	(114,664,165)		
Fund Balances (Deficit), End of the Period	\$ (55,922,351)	\$ -	\$ 792,241	\$ 8,093,367	\$ -	\$ (47,036,743)	\$ (30,102,395)	\$ 57,346,882

**Office of the Treasurer & Tax Collector
City and County of San Francisco**



José Cisneros, Treasurer

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

Investment Report for the month of September 2016

October 15, 2016

**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, 2016. 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 2016 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	
	<u>Fiscal YTD</u>	<u>September 2016</u>	<u>Fiscal YTD</u>	<u>August 2016</u>
Average Daily Balance	\$ 6,957	\$ 6,826	\$ 7,020	\$ 6,928
Net Earnings	14.48	4.90	9.57	4.76
Earned Income Yield	0.83%	0.87%	0.80%	0.81%

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	17.39%	\$ 1,271.8	\$ 1,274.2	0.28%	0.58%	183
Federal Agencies	51.46%	3,771.6	3,771.6	0.85%	0.78%	585
State & Local Government						
Agency Obligations	3.64%	267.6	266.8	1.38%	0.98%	390
Public Time Deposits	0.02%	1.2	1.2	0.89%	0.89%	202
Negotiable CDs	10.65%	780.0	780.7	1.07%	1.07%	149
Commercial Paper	5.36%	391.9	393.2	0.07%	1.16%	182
Medium Term Notes	1.57%	115.4	115.2	1.31%	1.08%	205
Money Market Funds	9.22%	675.7	675.7	0.30%	0.30%	1
Supranationals	0.68%	50.0	50.0	0.06%	0.86%	609
Totals	100.0%	\$ 7,325.2	\$ 7,328.7	0.70%	0.77%	380

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, Ron Gerhard, Reeta Madhavan, 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, 2016

<i>(in \$ million)</i>									
Security Type	Par Value	Book Value	Market Value	Market/Book Price	Current % Allocation	Max. Policy Allocation	Compliant?		
U.S. Treasuries	\$ 1,275.0	\$ 1,271.8	\$ 1,274.2	100.19	17.39%	100%	Yes		
Federal Agencies	3,768.4	3,771.6	3,771.6	100.00	51.46%	100%	Yes		
State & Local Government Agency Obligations	264.5	267.6	266.8	99.70	3.64%	20%	Yes		
Public Time Deposits	1.2	1.2	1.2	100.00	0.02%	100%	Yes		
Negotiable CDs	780.0	780.0	780.7	100.09	10.65%	30%	Yes		
Bankers Acceptances	-	-	-	-	0.00%	40%	Yes		
Commercial Paper	395.0	391.9	393.2	100.32	5.36%	25%	Yes		
Medium Term Notes	115.0	115.4	115.2	99.87	1.57%	25%	Yes		
Repurchase Agreements	-	-	-	-	0.00%	10%	Yes		
Reverse Repurchase/ Securities Lending Agreements	-	-	-	-	0.00%	\$75mm	Yes		
Money Market Funds - Government	675.7	675.7	675.7	100.00	9.22%	10%	Yes		
Money Market Funds - Prime LAIF	-	-	-	-	0.00%	5%	Yes		
Supranationals	50.0	50.0	50.0	100.15	0.68%	5%	Yes		
TOTAL	\$ 7,324.8	\$ 7,325.2	\$ 7,328.7	100.05	100.00%	-	Yes		

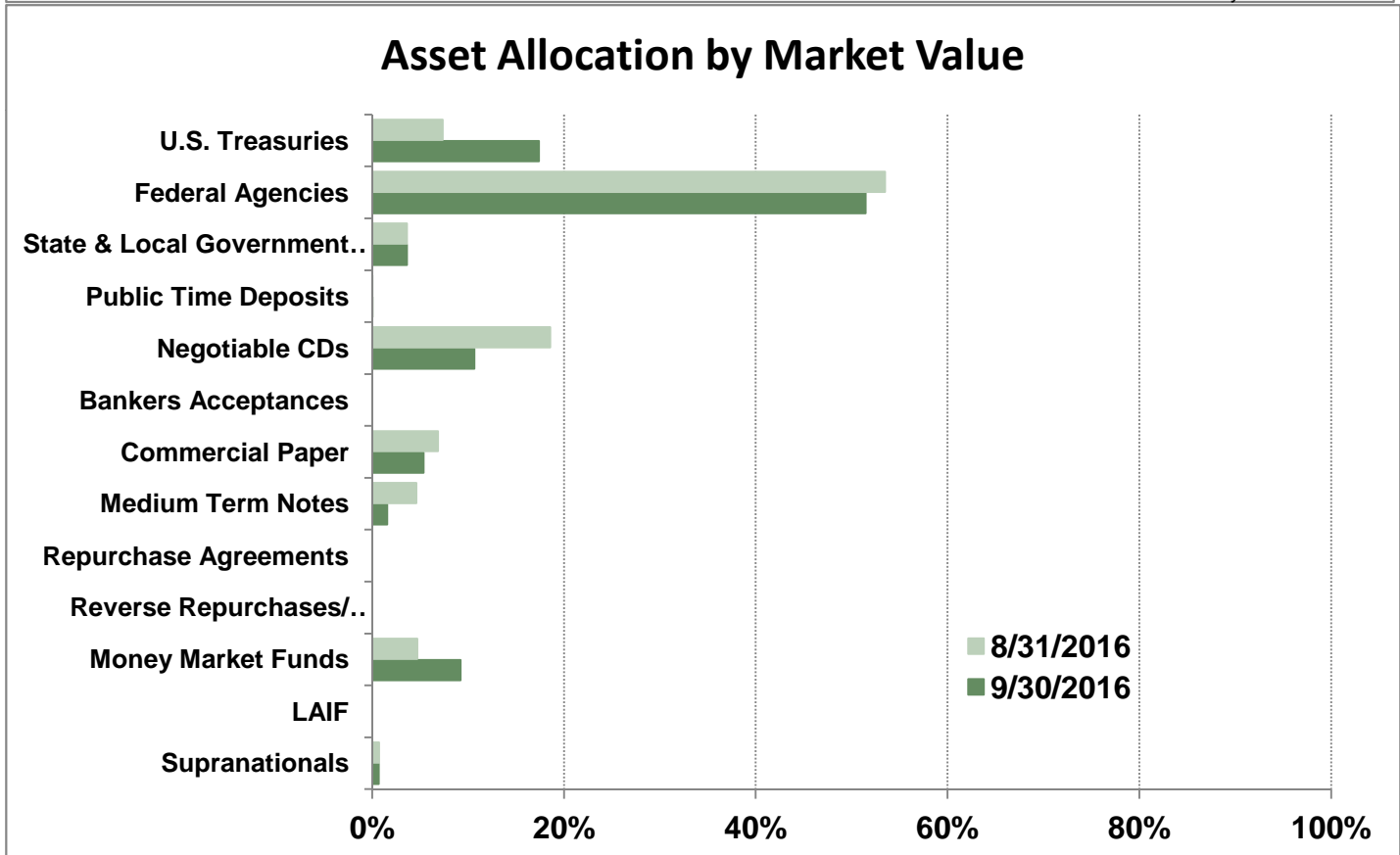
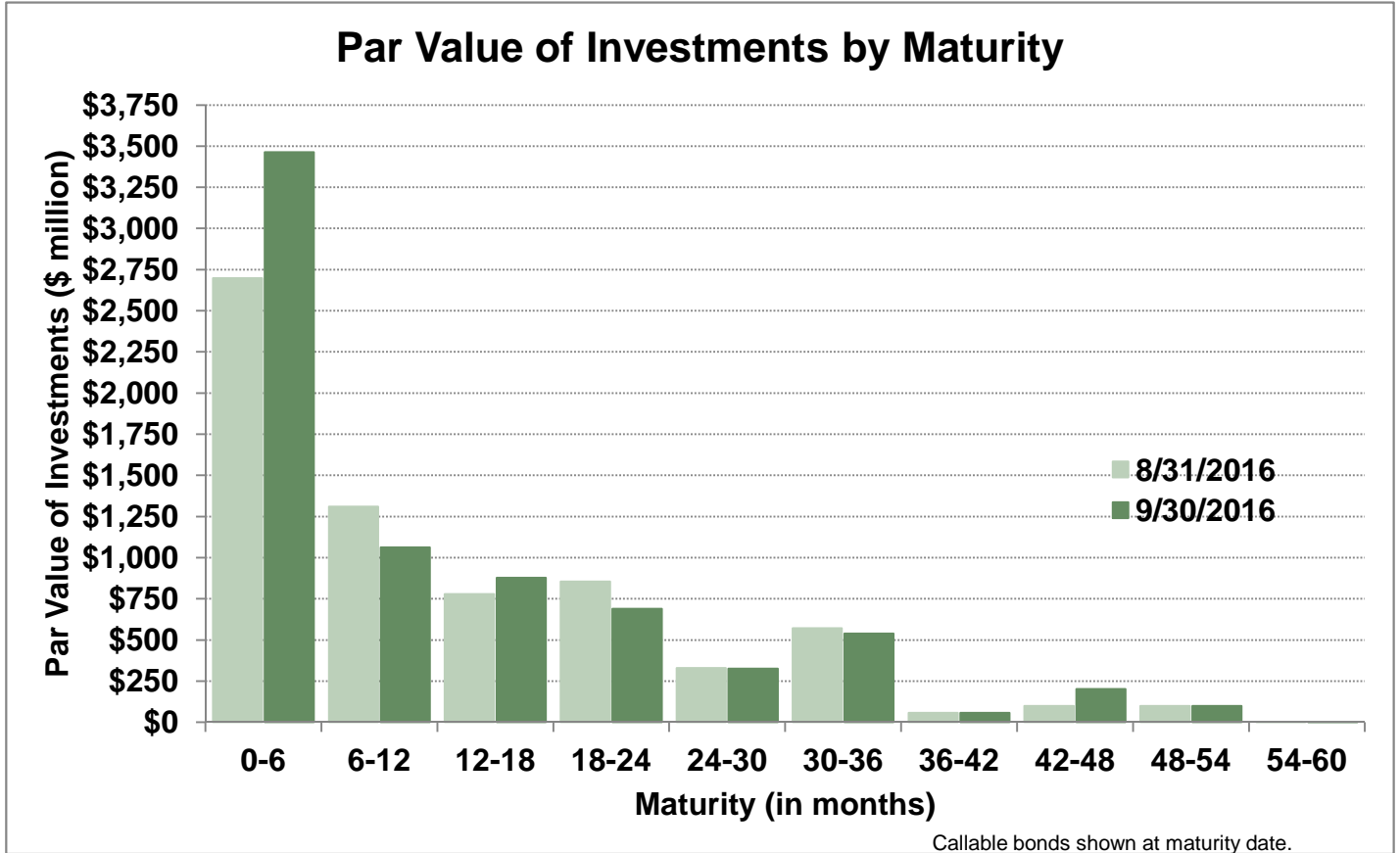
The City and County of San Francisco uses the following methodology to determine compliance: Compliance is pre-trade and calculated on both a par and market value basis, using the result with the lowest percentage of the overall portfolio value. Cash balances are included in the City's compliance calculations.

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.

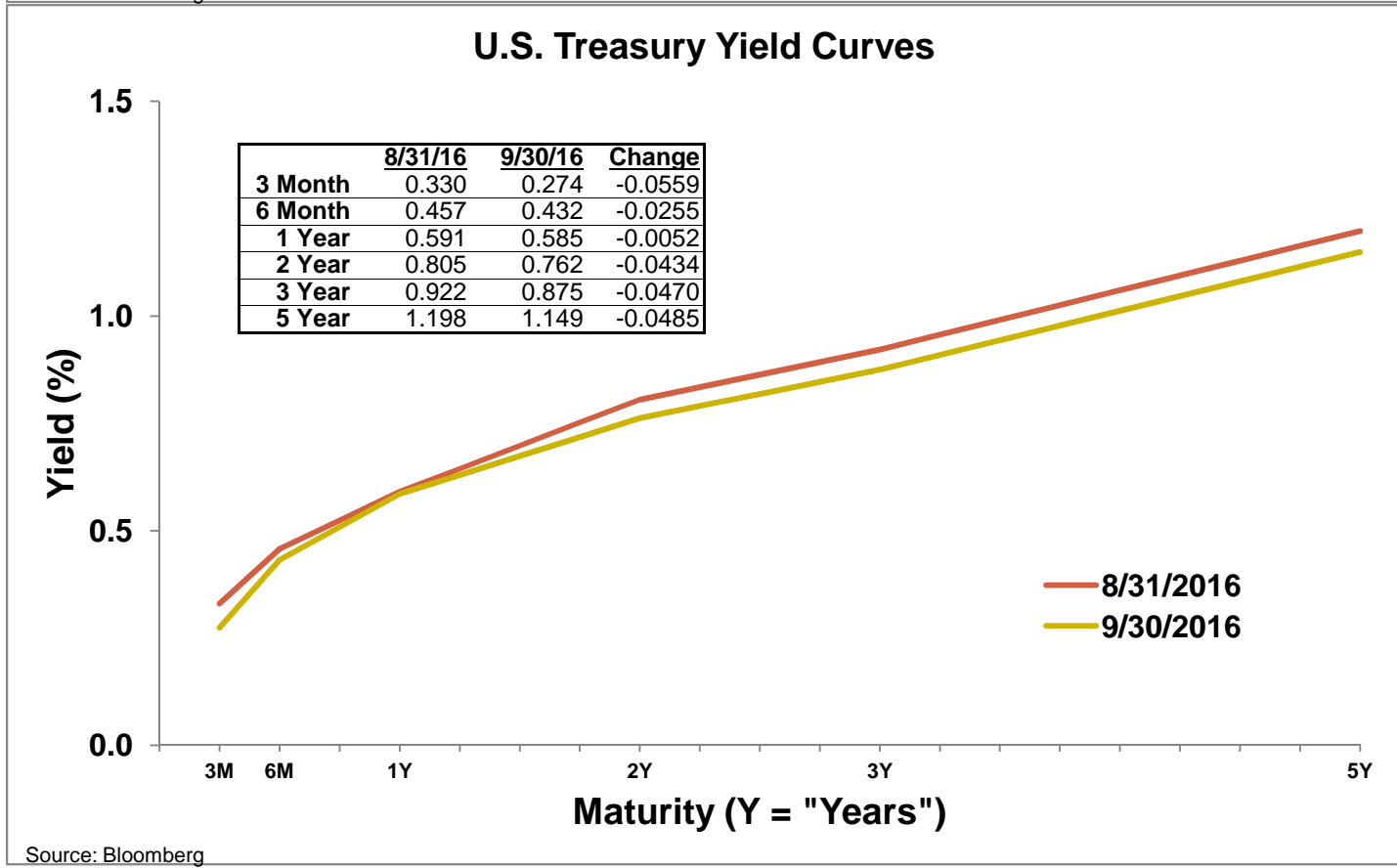
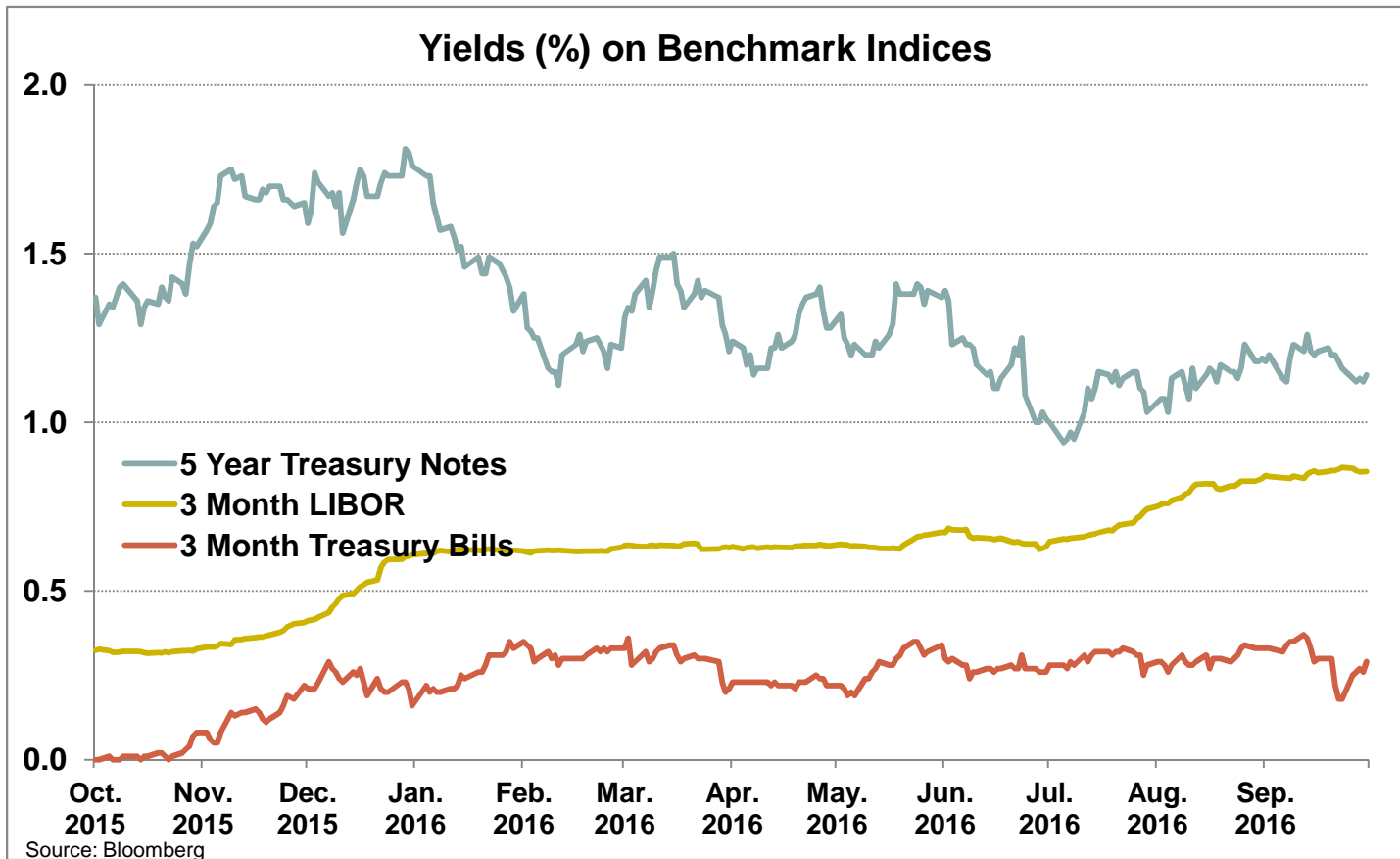
The full Investment Policy can be found at <http://www.sftreasurer.org/>, in the Reports & Plans section of the About menu.

Totals may not add due to rounding.

Portfolio Analysis Pooled Fund



Yield Curves



Investment Inventory

Pooled Fund

As of September 30, 2016

Type of Investment	CUSIP	Issuer Name	Settle Date	Maturity Date	Duration	Coupon	Par Value	Book Value	Amortized Book Value	Market Value
U.S. Treasuries	912828RM4	US TSY NT	12/26/2013	10/31/2016	0.09	1.00 \$	25,000,000 \$	25,183,594 \$	25,005,296 \$	25,016,500
U.S. Treasuries	912796JY6	TREASURY BILL	9/16/2016	12/15/2016	0.21	0.00	25,000,000	24,982,438	24,982,438	24,990,750
U.S. Treasuries	912796JY6	TREASURY BILL	9/19/2016	12/15/2016	0.21	0.00	25,000,000	24,984,533	24,984,533	24,990,750
U.S. Treasuries	912796JY6	TREASURY BILL	9/20/2016	12/15/2016	0.21	0.00	25,000,000	24,986,002	24,986,002	24,990,750
U.S. Treasuries	912796JZ3	TREASURY BILL	9/22/2016	12/22/2016	0.23	0.00	25,000,000	24,982,938	24,982,938	24,987,000
U.S. Treasuries	912796JZ3	TREASURY BILL	9/23/2016	12/22/2016	0.23	0.00	40,000,000	39,982,750	39,982,750	39,979,200
U.S. Treasuries	912796KA6	TREASURY BILL	9/29/2016	12/29/2016	0.25	0.00	100,000,000	99,940,218	99,940,218	99,933,000
U.S. Treasuries	912828RX0	US TSY NT	2/25/2014	12/31/2016	0.25	0.88	25,000,000	25,145,508	25,012,732	25,036,500
U.S. Treasuries	912828SJ0	US TSY NT	3/21/2012	2/28/2017	0.41	0.88	25,000,000	24,599,609	24,966,727	25,052,500
U.S. Treasuries	912828SJ0	US TSY NT	3/14/2012	2/28/2017	0.41	0.88	75,000,000	74,771,484	74,981,083	75,157,500
U.S. Treasuries	912796KN8	TREASURY BILL	9/16/2016	3/16/2017	0.46	0.00	75,000,000	74,819,000	74,819,000	74,859,750
U.S. Treasuries	912796KN8	TREASURY BILL	9/19/2016	3/16/2017	0.46	0.00	75,000,000	74,823,298	74,823,298	74,859,750
U.S. Treasuries	912796KN8	TREASURY BILL	9/20/2016	3/16/2017	0.46	0.00	75,000,000	74,826,319	74,826,319	74,859,750
U.S. Treasuries	912796KP3	TREASURY BILL	9/22/2016	3/23/2017	0.48	0.00	75,000,000	74,821,792	74,821,792	74,850,000
U.S. Treasuries	912796KP3	TREASURY BILL	9/23/2016	3/23/2017	0.48	0.00	110,000,000	109,785,968	109,785,968	109,780,000
U.S. Treasuries	912796JJ9	TREASURY BILL	9/29/2016	3/30/2017	0.50	0.00	100,000,000	99,790,194	99,790,194	99,784,000
U.S. Treasuries	912796JJ9	TREASURY BILL	9/30/2016	3/30/2017	0.50	0.00	100,000,000	99,788,833	99,788,833	99,784,000
U.S. Treasuries	912828SM3	US TSY NT	4/4/2012	3/31/2017	0.50	1.00	50,000,000	49,835,938	49,983,702	50,125,000
U.S. Treasuries	912828TM2	US TSY NT	12/15/2015	8/31/2017	0.92	0.63	100,000,000	99,433,594	99,697,313	99,922,000
U.S. Treasuries	912828M72	US TSY NT	12/17/2015	11/30/2017	1.16	0.88	50,000,000	49,882,813	49,930,246	50,097,500
U.S. Treasuries	912828M72	US TSY NT	12/17/2015	11/30/2017	1.16	0.88	50,000,000	49,878,906	49,927,920	50,097,500
Subtotals					0.50	0.28	\$ 1,275,000,000	\$ 1,271,845,337	\$ 1,272,986,027	\$ 1,274,206,200

Federal Agencies	313378UB5	FEDERAL HOME LOAN BANK	10/23/2014	10/11/2016	0.00	1.13 \$	5,000,000 \$	5,060,200 \$	5,000,837 \$	5,001,100
Federal Agencies	3130A3CE2	FEDERAL HOME LOAN BANK	11/3/2014	10/14/2016	0.04	0.63	40,000,000	40,032,000	40,000,585	40,004,000
Federal Agencies	3130A6PZ4	FEDERAL HOME LOAN BANK	1/7/2016	10/28/2016	0.08	0.40	5,950,000	5,932,745	5,948,421	5,950,893
Federal Agencies	3130A3J70	FEDERAL HOME LOAN BANK	11/18/2015	11/23/2016	0.15	0.63	7,015,000	7,012,545	7,014,649	7,018,227
Federal Agencies	3130A3J70	FEDERAL HOME LOAN BANK	11/17/2014	11/23/2016	0.15	0.63	25,000,000	24,990,281	24,999,281	25,011,500
Federal Agencies	313381GA7	FEDERAL HOME LOAN BANK	11/30/2012	11/30/2016	0.17	0.57	23,100,000	23,104,389	23,100,180	23,111,319
Federal Agencies	313371PV2	FEDERAL HOME LOAN BANK	5/11/2016	12/9/2016	0.19	1.63	6,545,000	6,588,217	6,559,066	6,560,315
Federal Agencies	313371PV2	FEDERAL HOME LOAN BANK	11/6/2014	12/9/2016	0.19	1.63	25,000,000	25,513,000	25,046,331	25,058,500
Federal Agencies	313371PV2	FEDERAL HOME LOAN BANK	12/4/2014	12/9/2016	0.19	1.63	25,000,000	25,486,750	25,045,633	25,058,500
Federal Agencies	313371PV2	FEDERAL HOME LOAN BANK	12/12/2014	12/9/2016	0.19	1.63	25,000,000	25,447,500	25,042,414	25,058,500
Federal Agencies	313384T58	FED HOME LN DISCOUNT NT	6/21/2016	12/16/2016	0.21	0.00	24,625,000	24,566,557	24,566,557	24,611,949
Federal Agencies	3133XHZK1	FEDERAL HOME LOAN BANK	5/11/2016	12/16/2016	0.21	4.75	33,850,000	34,710,027	34,148,457	34,155,327
Federal Agencies	3130A12F4	FEDERAL HOME LOAN BANK	3/19/2014	12/19/2016	0.22	0.70	20,500,000	20,497,950	20,499,839	20,516,810
Federal Agencies	3134G5VG7	FREDDIE MAC	12/29/2014	12/29/2016	0.25	0.78	50,000,000	50,000,000	50,000,000	50,060,500
Federal Agencies	3134G33C2	FREDDIE MAC	1/3/2013	1/3/2017	0.26	0.60	50,000,000	50,000,000	50,000,000	50,015,000
Federal Agencies	3133ECB37	FEDERAL FARM CREDIT BANK	12/20/2012	1/12/2017	0.29	0.58	14,000,000	14,000,000	14,000,000	14,005,040
Federal Agencies	31315PWW5	FARMER MAC	5/4/2012	1/17/2017	0.30	1.01	49,500,000	49,475,250	49,498,445	49,578,210
Federal Agencies	3130A7T62	FEDERAL HOME LOAN BANK	4/20/2016	1/18/2017	0.30	0.55	9,000,000	8,999,825	8,999,820	9,003,150
Federal Agencies	3133EJRD6	FEDERAL FARM CREDIT BANK	12/12/2014	1/30/2017	0.08	0.47	50,000,000	49,981,400	49,997,115	49,994,500
Federal Agencies	3133786Q9	FEDERAL HOME LOAN BANK	1/10/2013	2/13/2017	0.37	1.00	67,780,000	68,546,456	67,849,212	67,936,572
Federal Agencies	3133EJDFW7	FEDERAL FARM CREDIT BANK	2/27/2014	2/27/2017	0.07	0.58	50,000,000	50,000,000	50,000,000	50,036,500
Federal Agencies	3130A8D83	FEDERAL HOME LOAN BANK	6/2/2016	3/2/2017	0.01	0.55	25,000,000	25,000,000	25,000,000	25,015,500
Federal Agencies	3133782N0	FEDERAL HOME LOAN BANK	12/29/2015	3/10/2017	0.44	0.88	15,000,000	14,990,850	14,996,650	15,027,600
Federal Agencies	3133782N0	FEDERAL HOME LOAN BANK	6/2/2016	3/10/2017	0.44	0.88	22,185,000	22,211,903	22,200,319	22,225,820
Federal Agencies	3133782N0	FEDERAL HOME LOAN BANK	12/15/2014	3/10/2017	0.44	0.88	50,000,000	50,058,500	50,011,471	50,092,000

Investment Inventory

Pooled Fund

Type of Investment	CUSIP	Issuer Name	Settle Date	Maturity Date	Duration	Coupon	Par Value	Book Value	Amortized Book Value	Market Value
Federal Agencies	3133EDP30	FEDERAL FARM CREDIT BANK	10/3/2014	3/24/2017	0.07	0.57	26,000,000	26,009,347	26,001,801	26,018,720
Federal Agencies	3133EDZW5	FEDERAL FARM CREDIT BANK	10/29/2014	3/29/2017	0.08	0.55	25,000,000	24,999,750	24,999,949	25,017,750
Federal Agencies	31315PTQ2	FARMER MAC	4/10/2012	4/10/2017	0.53	1.26	12,500,000	12,439,250	12,493,646	12,545,875
Federal Agencies	3133ECLL6	FEDERAL FARM CREDIT BANK	4/17/2013	4/17/2017	0.55	0.60	10,000,000	10,000,000	10,000,000	10,002,000
Federal Agencies	31315PUQ0	FARMER MAC	4/26/2012	4/26/2017	0.57	1.13	10,500,000	10,500,000	10,500,000	10,533,285
Federal Agencies	3135G0JA2	FANNIE MAE	7/1/2016	4/27/2017	0.57	1.13	8,058,000	8,112,939	8,084,918	8,083,141
Federal Agencies	3137EADF3	FREDDIE MAC	5/14/2012	5/12/2017	0.61	1.25	25,000,000	25,133,000	25,016,260	25,103,500
Federal Agencies	3130A1NN4	FEDERAL HOME LOAN BANK	9/26/2016	5/24/2017	0.65	0.88	14,000,000	14,068,746	14,026,665	14,031,640
Federal Agencies	31315PZQ5	FARMER MAC	12/28/2012	6/5/2017	0.68	1.11	9,000,000	9,122,130	9,018,621	9,030,510
Federal Agencies	313379FW4	FEDERAL HOME LOAN BANK	12/19/2014	6/9/2017	0.69	1.00	12,000,000	12,020,760	12,005,771	12,031,680
Federal Agencies	313379FW4	FEDERAL HOME LOAN BANK	12/29/2015	6/9/2017	0.69	1.00	20,600,000	20,594,026	20,597,160	20,654,384
Federal Agencies	3130A3SL9	FEDERAL HOME LOAN BANK	12/30/2014	6/15/2017	0.71	0.95	25,000,000	24,959,750	24,988,481	25,067,000
Federal Agencies	3133EAUW6	FEDERAL FARM CREDIT BANK	6/19/2012	6/19/2017	0.22	0.62	50,000,000	50,000,000	50,000,000	50,044,500
Federal Agencies	3133EEGH7	FEDERAL FARM CREDIT BANK	12/26/2014	6/26/2017	0.74	0.93	8,400,000	8,397,312	8,399,211	8,419,824
Federal Agencies	3137EADH9	FREDDIE MAC	5/25/2016	6/29/2017	0.75	1.00	15,000,000	15,035,850	15,024,288	15,042,300
Federal Agencies	3137EADH9	FREDDIE MAC	3/25/2014	6/29/2017	0.75	1.00	25,000,000	24,920,625	24,981,954	25,070,500
Federal Agencies	3134G5W50	FREDDIE MAC	12/30/2014	6/30/2017	0.75	1.00	50,000,000	50,000,000	50,000,000	50,152,000
Federal Agencies	3130A8L35	FEDERAL HOME LOAN BANK	6/24/2016	7/20/2017	0.80	0.75	25,000,000	25,000,000	25,000,000	25,001,500
Federal Agencies	3133ECV92	FEDERAL FARM CREDIT BANK	7/24/2013	7/24/2017	0.07	0.57	50,000,000	50,000,000	50,000,000	50,039,000
Federal Agencies	3133ECV66	FEDERAL FARM CREDIT BANK	8/5/2013	7/26/2017	0.07	0.72	23,520,000	23,520,000	23,520,000	23,578,565
Federal Agencies	3135G0F24	FANNIE MAE	9/16/2015	8/16/2017	0.04	0.54	25,000,000	24,995,153	24,997,791	25,006,750
Federal Agencies	3133EEFX3	FEDERAL FARM CREDIT BANK	12/23/2014	8/23/2017	1.00	1.00	50,000,000	50,000,000	50,000,000	50,040,000
Federal Agencies	3137EADL0	FREDDIE MAC	3/25/2014	9/29/2017	1.06	1.00	25,000,000	24,808,175	24,945,769	25,078,000
Federal Agencies	3135G0F57	FANNIE MAE	10/5/2015	10/5/2017	0.01	0.53	25,000,000	24,992,356	24,996,141	25,008,000
Federal Agencies	3133EETS9	FEDERAL FARM CREDIT BANK	9/25/2015	10/19/2017	0.05	0.56	30,000,000	30,000,600	30,000,304	30,011,700
Federal Agencies	3130A6LZ8	FEDERAL HOME LOAN BANK	4/28/2016	10/26/2017	1.07	0.63	25,000,000	24,930,368	24,949,643	24,977,750
Federal Agencies	3133EEBR0	FEDERAL FARM CREDIT BANK	11/18/2014	11/13/2017	0.04	0.56	25,000,000	24,988,794	24,995,809	25,006,250
Federal Agencies	3133EEJ76	FEDERAL FARM CREDIT BANK	8/20/2015	11/13/2017	0.12	0.55	25,000,000	24,991,500	24,995,750	24,993,000
Federal Agencies	3134G44F2	FREDDIE MAC	5/21/2013	11/21/2017	1.14	0.80	50,000,000	50,000,000	50,000,000	50,023,000
Federal Agencies	3130A3HF4	FEDERAL HOME LOAN BANK	12/22/2014	12/8/2017	1.18	1.13	25,000,000	24,955,500	24,982,192	25,114,250
Federal Agencies	3137EADX4	FREDDIE MAC	12/19/2014	12/18/2017	1.20	1.00	25,000,000	24,969,000	24,981,442	25,086,250
Federal Agencies	3133EEFE5	FEDERAL FARM CREDIT BANK	5/27/2015	2/2/2018	0.01	0.57	4,000,000	4,000,000	4,000,000	4,002,000
Federal Agencies	3133EEMH0	FEDERAL FARM CREDIT BANK	2/2/2015	2/2/2018	0.01	0.57	35,000,000	34,978,893	34,990,583	35,017,500
Federal Agencies	3133EEMH0	FEDERAL FARM CREDIT BANK	11/5/2014	2/5/2018	0.01	0.56	25,000,000	25,000,000	25,000,000	25,008,750
Federal Agencies	3133EEAN0	FEDERAL FARM CREDIT BANK	11/5/2014	2/5/2018	0.01	0.56	25,000,000	24,991,750	24,996,583	25,008,750
Federal Agencies	3133EEAN0	FEDERAL FARM CREDIT BANK	11/5/2014	2/5/2018	0.01	0.56	50,000,000	49,983,560	49,993,191	50,017,500
Federal Agencies	3133EFNK9	FEDERAL FARM CREDIT BANK	11/9/2015	2/9/2018	0.02	0.59	25,000,000	24,994,315	24,996,574	25,022,000
Federal Agencies	3132X0JL6	FARMER MAC	9/1/2016	3/1/2018	1.41	0.88	50,000,000	50,000,000	50,000,000	50,015,000
Federal Agencies	3133EEN71	FEDERAL FARM CREDIT BANK	5/22/2015	3/22/2018	0.06	0.58	50,000,000	49,992,500	49,996,109	50,004,500
Federal Agencies	3133EEQ86	FEDERAL FARM CREDIT BANK	5/27/2015	3/26/2018	0.24	0.50	50,000,000	49,978,500	49,988,751	49,926,000
Federal Agencies	3133EEQ86	FEDERAL FARM CREDIT BANK	5/29/2015	3/26/2018	0.24	0.50	50,000,000	49,978,500	49,988,729	49,926,000
Federal Agencies	3133EFW68	FEDERAL FARM CREDIT BANK	1/26/2016	3/26/2018	0.07	0.69	25,000,000	24,997,200	24,998,083	25,048,000
Federal Agencies	3133EEZC7	FEDERAL FARM CREDIT BANK	4/16/2016	4/16/2018	0.04	0.58	50,000,000	49,992,422	49,996,114	50,012,000
Federal Agencies	31331KJB7	FEDERAL FARM CREDIT BANK	2/2/2016	4/25/2018	1.53	3.00	14,230,000	14,876,184	14,683,839	14,718,658
Federal Agencies	3134G8XS3	FREDDIE MAC	7/22/2016	4/27/2018	1.56	1.05	23,630,000	23,688,583	23,630,000	23,610,860
Federal Agencies	3133EEU40	FEDERAL FARM CREDIT BANK	6/3/2015	5/3/2018	0.01	0.58	69,000,000	68,994,894	68,997,224	69,002,270
Federal Agencies	3135G0WJ8	FANNIE MAE	5/23/2013	5/21/2018	1.63	0.88	25,000,000	24,786,500	24,930,121	25,022,050
Federal Agencies	3130A8VL4	FEDERAL HOME LOAN BANK	8/24/2016	5/24/2018	1.64	1.00	10,000,000	10,000,000	10,000,000	9,986,400
Federal Agencies	3130A8VL4	FEDERAL HOME LOAN BANK	8/24/2016	5/24/2018	1.64	1.00	25,000,000	25,000,000	25,000,000	24,966,000

Investment Inventory

Pooled Fund

Type of Investment	CUSIP	Issuer Name	Settle Date	Maturity Date	Duration	Coupon	Par Value	Book Value	Amortized Book Value	Market Value
Federal Agencies	3134G9GG6	FREDDIE MAC	5/25/2016	5/25/2018	1.64	0.80	50,000,000	50,000,000	50,000,000	50,013,000
Federal Agencies	3134G9HC4	FREDDIE MAC	5/25/2016	5/25/2018	1.64	1.00	10,000,000	9,995,000	9,995,884	10,010,800
Federal Agencies	3133EFC22	FEDERAL FARM CREDIT BANK	9/8/2015	6/8/2018	0.02	0.57	25,000,000	25,000,000	25,000,000	25,004,000
Federal Agencies	3133EFC22	FEDERAL FARM CREDIT BANK	9/8/2015	6/8/2018	0.02	0.57	50,000,000	50,000,000	50,000,000	50,008,000
Federal Agencies	3133EEW48	FEDERAL FARM CREDIT BANK	6/11/2015	6/11/2018	0.03	0.56	50,000,000	49,996,000	49,997,745	49,999,000
Federal Agencies	3133EFSH1	FEDERAL FARM CREDIT BANK	12/18/2015	6/14/2018	1.69	1.17	25,000,000	24,952,250	24,967,379	25,099,250
Federal Agencies	3133EGGC3	FEDERAL FARM CREDIT BANK	6/20/2016	6/20/2018	0.05	0.65	25,000,000	25,000,000	25,000,000	25,030,750
Federal Agencies	3134G9RZ2	FREDDIE MAC	6/22/2016	6/22/2018	1.72	0.80	8,950,000	8,950,000	8,950,000	8,950,537
Federal Agencies	3134G9UY1	FREDDIE MAC	6/29/2016	6/29/2018	1.73	1.00	25,000,000	25,000,000	25,000,000	24,975,250
Federal Agencies	3134G9UY1	FREDDIE MAC	6/29/2016	6/29/2018	1.73	1.00	25,000,000	25,000,000	25,000,000	24,975,250
Federal Agencies	3133EGBQ7	FEDERAL FARM CREDIT BANK	5/19/2016	7/19/2018	0.05	0.66	25,000,000	25,000,000	25,000,000	25,032,500
Federal Agencies	3133EGBQ7	FEDERAL FARM CREDIT BANK	5/19/2016	7/19/2018	0.05	0.66	25,000,000	25,000,000	25,000,000	25,032,500
Federal Agencies	3130A8U50	FEDERAL HOME LOAN BANK	7/29/2016	7/25/2018	1.81	0.83	22,225,000	22,225,263	22,225,573	22,237,985
Federal Agencies	3134G9Q67	FREDDIE MAC	7/27/2016	7/27/2018	1.81	1.05	25,000,000	25,000,000	25,000,000	24,993,250
Federal Agencies	3134G9Q67	FREDDIE MAC	7/27/2016	7/27/2018	1.81	1.05	25,000,000	24,993,750	24,994,315	24,993,250
Federal Agencies	3133EGFQ3	FEDERAL FARM CREDIT BANK	9/21/2016	9/14/2018	1.94	0.88	25,000,000	24,985,253	24,981,263	24,987,000
Federal Agencies	3130A9C90	FEDERAL HOME LOAN BANK	9/28/2016	9/28/2018	1.98	1.05	25,000,000	25,000,000	25,000,000	24,977,250
Federal Agencies	3133EGFK6	FEDERAL FARM CREDIT BANK	6/17/2016	10/17/2018	0.05	0.66	25,000,000	25,000,000	25,000,000	25,015,250
Federal Agencies	3133EGFK6	FEDERAL FARM CREDIT BANK	6/17/2016	10/17/2018	0.05	0.66	25,000,000	25,000,000	25,000,000	25,015,250
Federal Agencies	3134G82B4	FREDDIE MAC	11/23/2015	11/23/2018	2.13	0.75	25,000,000	25,000,000	25,000,000	25,000,000
Federal Agencies	3136G2C39	FANNIE MAE	12/30/2014	12/28/2018	2.20	1.63	15,000,000	15,000,000	15,000,000	15,037,650
Federal Agencies	3133EGDM4	FEDERAL FARM CREDIT BANK	6/2/2016	1/2/2019	0.01	0.68	25,000,000	25,000,000	25,000,000	25,021,500
Federal Agencies	3130A8VZ3	FEDERAL HOME LOAN BANK	7/28/2016	1/25/2019	2.29	1.05	25,000,000	25,000,000	25,000,000	24,988,000
Federal Agencies	3132X0EK3	FARMER MAC	1/25/2016	1/25/2019	0.07	0.81	25,000,000	25,000,000	25,000,000	25,028,500
Federal Agencies	3133EGBU8	FEDERAL FARM CREDIT BANK	5/25/2016	2/25/2019	0.07	0.70	50,000,000	50,000,000	50,000,000	50,044,000
Federal Agencies	3136G2Y68	FANNIE MAE	2/26/2016	2/26/2019	2.39	0.75	25,000,000	25,000,000	25,000,000	25,007,250
Federal Agencies	3136G2Y68	FANNIE MAE	2/26/2016	2/26/2019	2.39	0.75	15,935,000	15,927,033	15,928,617	15,935,797
Federal Agencies	3132X0ED9	FARMER MAC	1/19/2016	3/19/2019	0.22	0.93	40,000,000	40,000,000	40,000,000	39,998,400
Federal Agencies	3136G3FC4	FANNIE MAE	3/29/2016	3/29/2019	2.47	1.00	6,250,000	6,250,000	6,250,000	6,250,000
Federal Agencies	3134G8VT3	FREDDIE MAC	5/23/2016	4/25/2019	2.54	0.80	14,560,000	14,568,332	14,559,361	14,575,870
Federal Agencies	3134G9DB0	FREDDIE MAC	4/29/2016	4/29/2019	2.56	0.88	10,000,000	10,000,000	10,000,000	10,000,100
Federal Agencies	3134G9DB0	FREDDIE MAC	4/29/2016	4/29/2019	2.56	0.88	50,000,000	50,000,000	50,000,000	50,000,500
Federal Agencies	3136G3QP3	FANNIE MAE	5/24/2016	5/24/2019	2.60	1.25	10,000,000	10,000,000	10,000,000	10,011,500
Federal Agencies	3134G9LF2	FREDDIE MAC	6/7/2016	6/7/2019	2.66	0.75	75,000,000	75,000,000	75,000,000	75,024,000
Federal Agencies	3136G3NK7	FANNIE MAE	6/7/2016	6/7/2019	2.66	0.75	25,000,000	24,996,250	24,996,647	25,002,750
Federal Agencies	3136G3NM3	FANNIE MAE	6/7/2016	6/7/2019	2.66	0.75	50,000,000	50,000,000	50,000,000	49,893,500
Federal Agencies	3134G9QN0	FREDDIE MAC	6/14/2016	6/14/2019	2.67	0.88	12,500,000	12,500,000	12,500,000	12,498,875
Federal Agencies	3134G9QW0	FREDDIE MAC	6/14/2016	6/14/2019	2.66	1.28	50,000,000	50,000,000	50,000,000	50,050,000
Federal Agencies	3134G9YR2	FREDDIE MAC	7/12/2016	7/12/2019	2.75	0.85	50,000,000	50,000,000	50,000,000	49,961,000
Federal Agencies	3133EGED3	FEDERAL FARM CREDIT BANK	6/9/2016	8/9/2019	0.02	0.70	25,000,000	25,000,000	25,000,000	24,998,250
Federal Agencies	3133EGED3	FEDERAL FARM CREDIT BANK	6/9/2016	8/9/2019	0.02	0.70	25,000,000	25,000,000	25,000,000	24,998,250
Federal Agencies	3134G94F1	FREDDIE MAC	8/15/2016	8/15/2019	2.84	1.00	25,000,000	25,000,000	25,000,000	24,973,750
Federal Agencies	3135G0P23	FANNIE MAE	8/30/2016	8/23/2019	2.85	1.25	20,000,000	20,000,000	20,000,000	20,006,400
Federal Agencies	3136G3X59	FANNIE MAE	8/23/2016	8/23/2019	2.86	1.10	25,000,000	25,000,000	25,000,000	24,972,500
Federal Agencies	3134G9GS0	FREDDIE MAC	5/26/2016	8/26/2019	2.86	1.25	25,000,000	25,000,000	25,000,000	25,024,250
Federal Agencies	3134GAHR8	FREDDIE MAC	9/23/2016	9/23/2019	2.95	0.75	25,000,000	25,000,000	25,000,000	24,978,750
Federal Agencies	3134G8TG4	FREDDIE MAC	4/11/2016	10/11/2019	3.09	1.50	15,000,000	15,000,000	15,000,000	15,014,700
Federal Agencies	3136G3LV5	FANNIE MAE	5/26/2016	11/26/2019	3.95	1.35	8,950,000	8,950,000	8,950,000	8,965,573
Federal Agencies	3134G9VR5	FREDDIE MAC	7/6/2016	1/6/2020	3.22	1.00	25,000,000	25,000,000	25,000,000	24,972,000
Federal Agencies	3136G3TK1	FANNIE MAE	7/6/2016	4/6/2020	3.46	0.88	25,000,000	25,000,000	25,000,000	24,974,500

Investment Inventory

Pooled Fund

Type of Investment	CUSIP	Issuer Name	Settle Date	Maturity Date	Duration	Coupon	Par Value	Book Value	Amortized Book Value	Market Value
Federal Agencies	3132X0AT8	FARMER MAC	6/5/2015	6/2/2020	0.01	0.66	41,000,000	41,000,000	41,000,000	40,876,590
Federal Agencies	3136G3TG0	FANNIE MAE	6/30/2016	6/30/2020	3.67	1.15	15,000,000	15,000,000	15,000,000	14,999,550
Federal Agencies	3130A9FR7	FEDERAL HOME LOAN BANK	9/29/2016	9/28/2020	0.08	0.68	103,500,000	103,500,000	103,500,000	103,297,140
Federal Agencies	3133EFTX5	FEDERAL FARM CREDIT BANK	12/24/2015	12/24/2020	0.07	0.86	100,000,000	100,000,000	100,000,000	100,390,000
Subtotals					0.85	\$ 3,768,383,000	\$ 3,771,607,904	\$ 3,768,976,681	\$ 3,771,572,410	
State/Local Agencies	91411SKR0	UNIVERSITY OF CALIFORNIA	9/15/2016	10/25/2016	0.07	0.00	\$ 25,000,000	\$ 24,986,667	\$ 24,986,667	\$ 24,992,167
State/Local Agencies	13063CPM6	CALIFORNIA ST	12/9/2014	11/1/2016	0.09	0.75	44,000,000	44,046,200	44,002,067	43,993,400
State/Local Agencies	91411SL16	UNIVERSITY OF CALIFORNIA	9/1/2016	11/1/2016	0.09	0.00	37,000,000	36,965,518	36,965,518	36,985,025
State/Local Agencies	91412GL45	UNIV OF CALIFORNIA CA REVENUE	6/30/2016	5/15/2017	0.62	0.65	5,505,000	5,505,000	5,505,000	5,499,330
State/Local Agencies	91412GUU7	UNIV OF CALIFORNIA CA REVENUE	4/10/2014	5/15/2017	0.62	1.22	3,250,000	3,250,000	3,250,000	3,258,353
State/Local Agencies	718814XY7	PHOENIX AZ	9/27/2016	7/1/2017	0.74	3.50	20,000,000	20,582,022	20,408,810	20,401,400
State/Local Agencies	13063CFC9	CALIFORNIA ST	11/5/2013	11/1/2017	1.07	1.75	16,500,000	16,558,905	16,516,010	16,627,380
State/Local Agencies	13063CPN4	CALIFORNIA ST	12/22/2014	11/1/2017	1.08	1.25	5,000,000	5,004,550	5,001,724	5,012,000
State/Local Agencies	13063CPN4	CALIFORNIA ST	11/25/2014	11/1/2017	1.08	1.25	50,000,000	50,121,500	50,044,882	50,120,000
State/Local Agencies	91412GL52	UNIV OF CALIFORNIA CA REVENUE	6/30/2016	5/5/2018	1.59	0.99	2,470,000	2,470,000	2,470,000	2,465,431
State/Local Agencies	646065QQ8	NEW JERSEY ST EDUC TNL	9/29/2016	7/1/2018	1.68	5.00	5,000,000	5,421,811	5,359,573	5,354,650
State/Local Agencies	91412GL60	UNIV OF CALIFORNIA CA REVENUE	6/30/2016	5/15/2019	2.58	1.23	2,000,000	2,000,000	2,000,000	1,993,780
State/Local Agencies	91412GSB2	UNIV OF CALIFORNIA CA REVENUE	10/5/2015	7/1/2019	2.69	1.80	4,180,000	4,214,443	4,205,309	4,231,916
State/Local Agencies	91412GSB2	UNIV OF CALIFORNIA CA REVENUE	10/2/2015	7/1/2019	2.69	1.80	16,325,000	16,461,640	16,425,183	16,527,757
State/Local Agencies	6055804W6	MISSISSIPPI ST	4/23/2015	10/1/2019	2.73	6.09	8,500,000	10,217,510	9,659,478	9,691,105
State/Local Agencies	977100CW4	WISCONSIN ST GEN FUND ANNUAL	8/16/2016	5/1/2020	3.50	1.45	18,000,000	18,000,000	18,000,000	17,883,540
State/Local Agencies	91412GF59	UNIV OF CALIFORNIA CA REVENUE	8/9/2016	5/15/2021	4.40	1.91	1,769,000	1,820,926	1,809,425	1,796,685
Subtotals					1.04	\$ 264,499,000	\$ 267,626,692	\$ 266,609,646	\$ 266,833,917	
Public Time Deposits	PP5Z1EJS4	MISSION NATIONAL BK SF	2/19/2016	2/21/2017	0.14	0.86	\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000
Public Time Deposits	PP600XG1	TRANS-PAC NATIONAL BK	3/21/2016	3/21/2017	0.47	1.05	240,000	240,000	240,000	240,000
Public Time Deposits	PPF00EG62	BANK OF SAN FRANCISCO	4/11/2016	4/11/2017	0.03	0.89	240,000	240,000	240,000	240,000
Public Time Deposits	PPQJ03J86	PREFERRED BANK LA CALIF	5/16/2016	5/16/2017	0.63	0.85	240,000	240,000	240,000	240,000
Public Time Deposits	PP7C0E3S1	UMPQUA BANK	6/29/2016	6/29/2017	0.75	0.79	240,000	240,000	240,000	240,000
Subtotals					0.40	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000
Negotiable CDs	89113EE69	TORONTO DOMINION BANK NY	10/16/2015	10/17/2016	0.05	0.93	\$ 25,000,000	\$ 25,000,000	\$ 25,000,000	\$ 25,006,473
Negotiable CDs	78009NXP6	ROYAL BANK OF CANADA NY	12/3/2015	12/2/2016	0.17	1.17	50,000,000	50,000,000	50,000,000	50,068,990
Negotiable CDs	89113EU20	TORONTO DOMINION BANK NY	12/7/2015	12/7/2016	0.18	1.16	50,000,000	50,000,000	50,000,000	50,073,912
Negotiable CDs	96121TH27	WESTPAC BANKING CORP NY	12/22/2015	12/28/2016	0.09	0.99	25,000,000	25,000,000	25,000,000	25,037,952
Negotiable CDs	78009NB54	ROYAL BANK OF CANADA NY	4/8/2016	1/4/2017	0.00	0.96	50,000,000	50,000,000	50,000,000	50,026,141
Negotiable CDs	78009NZD1	ROYAL BANK OF CANADA NY	1/25/2016	1/25/2017	0.07	1.04	25,000,000	25,000,000	25,000,000	25,022,330
Negotiable CDs	06427EM65	BANK OF MONTREAL CHICAGO	4/29/2016	2/1/2017	0.09	1.00	25,000,000	25,000,000	25,000,000	25,020,294
Negotiable CDs	89113E2G0	TORONTO DOMINION BANK NY	11/1/2016	2/1/2017	0.01	1.02	50,000,000	50,000,000	50,000,000	50,045,256
Negotiable CDs	89113WFC5	TORONTO DOMINION BANK NY	7/28/2016	2/1/2017	0.01	1.07	25,000,000	25,000,000	25,000,000	25,026,902
Negotiable CDs	96121TK64	WESTPAC BANKING CORP NY	2/4/2016	2/3/2017	0.00	1.02	50,000,000	50,000,000	50,000,000	50,044,481
Negotiable CDs	89113WAL0	TORONTO DOMINION BANK NY	5/11/2016	2/15/2017	0.00	1.00	40,000,000	40,000,000	40,000,000	40,036,235
Negotiable CDs	06417HE36	BANK OF NOVA SCOTIA HOUS	2/23/2015	2/23/2017	0.15	1.10	25,000,000	25,000,000	25,000,000	25,034,066
Negotiable CDs	06427EX55	BANK OF MONTREAL CHICAGO	6/8/2016	3/6/2017	0.43	1.03	25,000,000	25,000,000	25,000,000	25,029,071
Negotiable CDs	78009NZW7	ROYAL BANK OF CANADA NY	3/10/2016	3/10/2017	0.03	1.03	50,000,000	50,000,000	50,000,000	50,059,851
Negotiable CDs	06427EDJ9	BANK OF MONTREAL CHICAGO	9/17/2015	3/17/2017	0.05	0.93	25,000,000	25,000,000	25,000,000	25,019,899
Negotiable CDs	78009ND94	ROYAL BANK OF CANADA NY	7/1/2016	3/27/2017	0.49	0.96	25,000,000	25,000,000	25,000,000	25,024,403
Negotiable CDs	89113EC79	TORONTO DOMINION BANK NY	10/2/2015	3/28/2017	0.24	1.10	50,000,000	50,000,000	50,000,000	50,085,012

Investment Inventory Pooled Fund

Type of Investment	CUSIP	Issuer Name	Settle Date	Maturity Date	Duration	Coupon	Par Value	Book Value	Amortized Book Value	Market Value
Negotiable CDs	89113E5Z5	TORONTO DOMINION BANK NY	4/8/2016	4/12/2017	0.53	1.10	25,000,000	25,000,000	25,000,000	24,999,212
Negotiable CDs	06427K3A3	BANK OF MONTREAL CHICAGO	8/3/2016	5/3/2017	0.09	1.16	25,000,000	25,000,000	25,000,000	25,008,736
Negotiable CDs	89113WJJ6	TORONTO DOMINION BANK NY	9/9/2016	6/15/2017	0.71	1.32	40,000,000	40,000,000	40,000,000	40,062,332
Negotiable CDs	06417HUR5	BANK OF NOVA SCOTIA HOUS	9/25/2014	9/25/2017	0.24	1.13	50,000,000	50,000,000	50,000,000	49,958,654
Subtotals					0.16	1.07	\$ 780,000,000	\$ 780,000,000	\$ 780,000,000	\$ 780,724,267
Commercial Paper	06538BKK0	BANK TOKYO-MIT UFJ NY	5/3/2016	10/31/2016	0.00	0.00	25,000,000	24,886,875	24,886,875	24,990,208
Commercial Paper	06538BKK0	BANK TOKYO-MIT UFJ NY	5/4/2016	10/31/2016	0.00	0.00	25,000,000	24,887,500	24,887,500	24,990,208
Commercial Paper	89233GQ33	TOYOTA MOTOR CREDIT CORP	6/6/2016	3/3/2017	0.42	0.00	25,000,000	24,810,625	24,810,625	24,921,375
Commercial Paper	89233GQ66	TOYOTA MOTOR CREDIT CORP	6/9/2016	3/6/2017	0.43	0.00	25,000,000	24,812,500	24,812,500	24,919,833
Commercial Paper	89233GQ74	TOYOTA MOTOR CREDIT CORP	6/10/2016	3/7/2017	0.43	0.00	25,000,000	24,812,500	24,812,500	24,919,319
Commercial Paper	89233GR73	TOYOTA MOTOR CREDIT CORP	7/13/2016	4/7/2017	0.52	0.00	40,000,000	39,687,333	39,687,333	39,809,911
Commercial Paper	06538BRM7	BANK TOKYO-MIT UFJ NY	7/26/2016	4/21/2017	0.56	0.00	50,000,000	49,547,931	49,547,931	49,744,694
Commercial Paper	89233APL7	TOYOTA MOTOR CREDIT CORP	7/28/2016	4/21/2017	0.08	1.07	25,000,000	25,000,000	25,000,000	24,872,347
Commercial Paper	06538BS53	BANK TOKYO-MIT UFJ NY	8/9/2016	5/5/2017	0.59	0.00	25,000,000	24,755,285	24,755,285	24,863,500
Commercial Paper	06538BS53	BANK TOKYO-MIT UFJ NY	8/10/2016	5/5/2017	0.59	0.00	40,000,000	39,603,956	39,603,956	39,781,600
Commercial Paper	06538BSC8	BANK TOKYO-MIT UFJ NY	8/17/2016	5/12/2017	0.61	0.00	25,000,000	24,750,611	24,750,611	24,859,076
Commercial Paper	06538BT29	BANK TOKYO-MIT UFJ NY	9/7/2016	6/2/2017	0.67	0.00	40,000,000	39,592,044	39,592,044	39,693,644
Commercial Paper	89233GT63	TOYOTA MOTOR CREDIT CORP	9/9/2016	6/6/2017	0.68	0.00	25,000,000	24,767,500	24,767,500	24,805,389
Subtotals					0.46	0.07	\$ 395,000,000	\$ 391,914,660	\$ 391,914,660	\$ 393,171,107
Medium Term Notes	073928S46	BEAR STEARNS COS LLC	2/10/2016	11/21/2016	0.14	1.20	6,450,000	6,439,745	6,448,165	6,450,839
Medium Term Notes	36967FAB7	GENERAL ELECTRIC CO	1/9/2015	1/9/2017	0.03	0.94	20,000,000	20,000,000	20,000,000	20,016,000
Medium Term Notes	064159AM8	BANK OF NOVA SCOTIA	10/20/2015	1/12/2017	0.29	2.55	10,000,000	10,185,500	10,042,459	10,041,200
Medium Term Notes	90331HMC4	US BANK NA CINCINNATI	2/11/2016	1/30/2017	0.33	1.10	1,500,000	1,502,063	1,500,705	1,500,240
Medium Term Notes	90331HMC4	US BANK NA CINCINNATI	7/1/2016	1/30/2017	0.33	1.10	6,900,000	6,910,488	6,905,958	6,901,104
Medium Term Notes	90331HMC4	US BANK NA CINCINNATI	2/12/2016	1/30/2017	0.33	1.10	8,515,000	8,523,174	8,517,802	8,516,362
Medium Term Notes	90331HMC4	US BANK NA CINCINNATI	6/24/2016	1/30/2017	0.33	1.10	10,000,000	10,012,200	10,000,710	10,001,600
Medium Term Notes	36962G2F0	GENERAL ELECTRIC CO	4/8/2015	2/15/2017	0.13	0.99	3,791,000	3,789,138	3,790,624	3,793,805
Medium Term Notes	36962G2F0	GENERAL ELECTRIC CO	4/1/2015	2/15/2017	0.13	0.99	4,948,000	4,942,755	4,946,953	4,951,662
Medium Term Notes	91159HHD5	US BANCORP	2/3/2016	5/15/2017	0.62	1.65	3,090,000	3,111,908	3,100,602	3,098,992
Medium Term Notes	459200JD4	IBM CORP	2/19/2016	8/18/2017	0.13	1.25	25,000,000	25,000,000	25,000,000	25,085,250
Medium Term Notes	459200GJ4	IBM CORP	3/22/2016	9/14/2017	0.94	5.70	1,325,000	1,415,378	1,383,136	1,382,730
Medium Term Notes	911312AP1	UNITED PARCEL SERVICE	1/28/2016	10/1/2017	0.99	1.13	2,000,000	2,003,780	2,002,254	2,002,420
Medium Term Notes	459200HK0	IBM CORP	5/6/2016	2/8/2018	1.35	1.25	11,450,000	11,519,616	11,503,592	11,463,855
Subtotals					0.33	1.31	\$ 114,969,000	\$ 115,355,745	\$ 115,148,961	\$ 115,206,058
Money Market Funds	09248U718	BLACKROCK LIQUIDITY FUNDS T-FI	9/30/2016	10/1/2016	0.01	0.21	80,008,496	80,008,496	80,008,496	80,008,496
Money Market Funds	31607A703	FIDELITY INSTITUTIONAL MONEY M	9/30/2016	10/1/2016	0.01	0.31	345,466,894	345,466,894	345,466,894	345,466,894
Money Market Funds	61747C707	MORGAN STANLEY INSTITUTIONAL	9/30/2016	10/1/2016	0.01	0.31	250,231,977	250,231,977	250,231,977	250,231,977
Subtotals					0.01	0.30	\$ 675,707,368	\$ 675,707,368	\$ 675,707,368	\$ 675,707,368
Supranationals	45905UXQ2	INTL BK RECON & DEVELOP	7/27/2016	1/26/2018	0.07	0.65	25,000,000	25,000,000	25,000,000	24,996,750
Supranationals	459058ER0	INTL BK RECON & DEVELOP	10/7/2015	10/5/2018	1.99	1.00	25,000,000	24,957,500	24,971,485	25,036,000
Subtotals					1.03	0.82	\$ 50,000,000	\$ 49,957,500	\$ 49,971,485	\$ 50,032,750
Grand Totals					0.62	0.70	\$ 7,324,758,368	\$ 7,325,215,205	\$ 7,322,514,827	\$ 7,328,654,077

Monthly Investment Earnings

Pooled Fund

For month ended September 30, 2016

Type of Investment	CUSIP	Issuer Name	Par Value	Coupon	YTM ¹	Settle Date	Maturity Date	Earned Interest	Amort. Expense	Realized Gain/(Loss)	Earned Income /Net Earnings
U.S. Treasuries	912796JM2	TREASURY BILL	\$	0.00	0.20	9/15/16	9/29/16	\$ 1,983	\$ -	\$ -	\$ 1,983
U.S. Treasuries	912828RJ1	US TSY NT	-	1.00	1.05	10/11/11	9/30/16	59,426	2,714	-	62,140
U.S. Treasuries	912828RM4	US TSY NT	-	1.00	0.74	12/26/13	10/31/16	20,380	(5,296)	-	15,084
U.S. Treasuries	912796JY6	TREASURY BILL	25,000,000	0.00	0.28	9/16/16	12/15/16	2,927	-	-	2,927
U.S. Treasuries	912796JY6	TREASURY BILL	25,000,000	0.00	0.26	9/19/16	12/15/16	2,133	-	-	2,133
U.S. Treasuries	912796JY6	TREASURY BILL	25,000,000	0.00	0.23	9/20/16	12/15/16	1,790	-	-	1,790
U.S. Treasuries	912796JZ3	TREASURY BILL	25,000,000	0.00	0.27	9/22/16	12/22/16	1,688	-	-	1,688
U.S. Treasuries	912796JZ3	TREASURY BILL	40,000,000	0.00	0.17	9/23/16	12/22/16	1,533	-	-	1,533
U.S. Treasuries	912796KA6	TREASURY BILL	100,000,000	0.00	0.24	9/29/16	12/29/16	1,314	-	-	1,314
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	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	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	912796KN8	TREASURY BILL	75,000,000	0.00	0.48	9/16/16	3/16/17	15,000	-	-	15,000
U.S. Treasuries	912796KN8	TREASURY BILL	75,000,000	0.00	0.48	9/19/16	3/16/17	11,913	-	-	11,913
U.S. Treasuries	912796KN8	TREASURY BILL	75,000,000	0.00	0.47	9/20/16	3/16/17	10,794	-	-	10,794
U.S. Treasuries	912796KP3	TREASURY BILL	110,000,000	0.00	0.39	9/23/16	3/23/17	8,813	-	-	8,813
U.S. Treasuries	912796KP3	TREASURY BILL	100,000,000	0.00	0.42	9/29/16	3/30/17	9,460	-	-	9,460
U.S. Treasuries	912796JJ9	TREASURY BILL	100,000,000	0.00	0.42	9/30/16	3/30/17	2,306	-	-	2,306
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	100,000,000	0.63	0.96	12/15/15	8/31/17	51,796	27,188	-	78,983
U.S. Treasuries	912828MT2	US TSY NT	50,000,000	0.88	1.00	12/17/15	11/30/17	35,861	4,924	-	40,785
U.S. Treasuries	912828MT2	US TSY NT	50,000,000	0.88	1.00	12/17/15	11/30/17	35,861	5,088	-	40,949
Subtotals			\$ 1,275,000,000					\$ 425,610	\$ 50,214	\$ -	\$ 475,823
Federal Agencies	31315PQB8	FARMER MAC	\$	1.50	0.70	10/29/13	9/1/16	-	\$ -	\$ -	\$ -
Federal Agencies	3130A6BD8	FEDERAL HOME LOAN BANK	-	0.51	0.35	6/30/16	9/9/16	1,700	(507)	-	1,193
Federal Agencies	313370TW8	FEDERAL HOME LOAN BANK	-	2.00	1.39	10/11/11	9/9/16	11,111	(3,242)	-	7,869
Federal Agencies	3130A7KH7	FEDERAL HOME LOAN BANK	-	0.53	0.42	5/4/16	9/29/16	2,265	(466)	-	1,799
Federal Agencies	313378JB5	FEDERAL HOME LOAN BANK	5,000,000	1.13	0.51	10/23/14	10/11/16	4,708	(2,512)	-	2,197
Federal Agencies	3130A3CE2	FEDERAL HOME LOAN BANK	40,000,000	0.63	0.58	11/3/14	10/14/16	20,833	(1,350)	-	19,483
Federal Agencies	3130A6PZ4	FEDERAL HOME LOAN BANK	5,950,000	0.40	0.76	1/7/16	10/28/16	1,983	1,755	-	3,738
Federal Agencies	3130A3J70	FEDERAL HOME LOAN BANK	7,015,000	0.63	0.66	11/18/15	11/23/16	3,654	199	-	3,852
Federal Agencies	3130A3J70	FEDERAL HOME LOAN BANK	25,000,000	0.63	0.64	11/17/14	11/23/16	13,021	407	-	13,428
Federal Agencies	313381GA7	FEDERAL HOME LOAN BANK	23,100,000	0.57	0.57	11/30/12	11/30/16	10,973	(90)	-	10,882
Federal Agencies	313371PV2	FEDERAL HOME LOAN BANK	6,545,000	1.63	0.48	5/11/16	12/9/16	8,863	(6,116)	-	2,747
Federal Agencies	313371PV2	FEDERAL HOME LOAN BANK	25,000,000	1.63	0.64	11/6/14	12/9/16	33,854	(20,144)	-	13,710
Federal Agencies	313371PV2	FEDERAL HOME LOAN BANK	25,000,000	1.63	0.65	12/4/14	12/9/16	33,854	(19,840)	-	14,014
Federal Agencies	313371PV2	FEDERAL HOME LOAN BANK	25,000,000	1.63	0.72	12/12/14	12/9/16	33,854	(18,441)	-	15,413
Federal Agencies	313384T58	FED HOME LN DISCOUNT NT	24,625,000	0.00	0.48	6/21/16	12/16/16	9,850	-	-	9,850
Federal Agencies	3133XHZK1	FEDERAL HOME LOAN BANK	33,850,000	4.75	0.48	5/11/16	12/16/16	133,990	(117,812)	-	16,178
Federal Agencies	3130A12F4	FEDERAL HOME LOAN BANK	20,500,000	0.70	0.70	3/19/14	12/19/16	11,958	61	-	12,019
Federal Agencies	3134G5VG7	FREDDIE MAC	50,000,000	0.78	0.78	12/29/14	12/29/16	32,500	-	-	32,500
Federal Agencies	3134G33C2	FREDDIE MAC	50,000,000	0.60	0.60	1/3/13	1/3/17	25,000	-	-	25,000
Federal Agencies	3133ECB37	FEDERAL FARM CREDIT BANK	14,000,000	0.58	0.58	12/20/12	1/12/17	6,767	-	-	6,767
Federal Agencies	31315PWW5	FARMER MAC	49,500,000	1.01	1.02	5/4/12	1/17/17	41,663	432	-	42,094
Federal Agencies	3130A7T62	FEDERAL HOME LOAN BANK	9,000,000	0.55	0.56	4/20/16	1/18/17	4,125	49	-	4,174
Federal Agencies	3133EDRD6	FEDERAL HOME CREDIT BANK	50,000,000	0.47	0.56	12/12/14	1/30/17	19,298	715	-	20,013
Federal Agencies	313378GQ9	FEDERAL HOME LOAN BANK	67,780,000	1.00	0.72	1/10/13	2/13/17	56,483	(15,380)	-	41,103

Monthly Investment Earnings

Pooled Fund

Type of Investment	CUSIP	Issuer Name	Par Value	Coupon	YTM ¹	Settle Date	Maturity Date	Earned Interest	Amort. Expense	Realized Gain/(Loss)	Earned Income /Net Earnings
Federal Agencies	3133EDFW7	FEDERAL FARM CREDIT BANK	50,000,000	0.58	0.55	2/27/14	2/27/17	24,338	-	-	24,338
Federal Agencies	3130A8D83	FEDERAL HOME LOAN BANK	25,000,000	0.55	0.58	6/2/16	3/2/17	11,334	-	-	11,334
Federal Agencies	3133782N0	FEDERAL HOME LOAN BANK	15,000,000	0.88	0.93	12/29/15	3/10/17	10,938	628	-	11,566
Federal Agencies	3133782N0	FEDERAL HOME LOAN BANK	22,185,000	0.88	0.72	6/2/16	3/10/17	16,177	(2,872)	-	13,304
Federal Agencies	3133782N0	FEDERAL HOME LOAN BANK	50,000,000	0.88	0.82	12/15/14	3/10/17	36,458	(2,151)	-	34,308
Federal Agencies	3133EDP30	FEDERAL FARM CREDIT BANK	26,000,000	0.57	0.49	10/3/14	3/24/17	12,196	(311)	-	11,886
Federal Agencies	3133EDZW5	FEDERAL FARM CREDIT BANK	25,000,000	0.55	0.55	10/29/14	3/29/17	11,334	9	-	11,342
Federal Agencies	31315PTQ2	FARMER MAC	12,500,000	1.26	1.36	4/10/12	4/10/17	13,125	998	-	14,123
Federal Agencies	3133ECLL6	FEDERAL FARM CREDIT BANK	10,000,000	0.60	0.60	4/17/13	4/17/17	5,000	-	-	5,000
Federal Agencies	31315PUQ0	FARMER MAC	10,500,000	1.13	1.13	4/26/12	4/26/17	9,844	-	-	9,844
Federal Agencies	3135G0JA2	FANNIE MAE	8,058,000	1.13	0.54	7/1/16	4/27/17	7,554	(3,882)	-	3,672
Federal Agencies	3137EADF3	FREDDIE MAC	25,000,000	1.25	1.14	5/14/12	5/12/17	26,042	(2,188)	-	23,854
Federal Agencies	3130A1NN4	FEDERAL HOME LOAN BANK	14,000,000	0.88	0.58	9/26/16	5/24/17	1,701	(567)	-	1,134
Federal Agencies	31315PZQ5	FARMER MAC	9,000,000	1.11	0.80	12/28/12	6/5/17	8,325	(2,262)	-	6,063
Federal Agencies	313379FW4	FEDERAL HOME LOAN BANK	12,000,000	1.00	0.93	12/19/14	6/9/17	10,000	(690)	-	9,310
Federal Agencies	313379FW4	FEDERAL HOME LOAN BANK	20,600,000	1.00	1.02	12/29/15	6/9/17	17,167	339	-	17,506
Federal Agencies	3130A3SL9	FEDERAL HOME LOAN BANK	25,000,000	0.95	1.02	12/30/14	6/15/17	19,792	1,345	-	21,136
Federal Agencies	3133EAUW6	FEDERAL FARM CREDIT BANK	50,000,000	0.62	0.62	6/19/12	6/19/17	25,917	-	-	25,917
Federal Agencies	3133EEGH7	FEDERAL FARM CREDIT BANK	8,400,000	0.93	0.94	12/26/14	6/26/17	6,510	88	-	6,598
Federal Agencies	3137EADH9	FREDDIE MAC	15,000,000	1.00	0.78	5/25/16	6/29/17	12,500	(2,689)	-	9,811
Federal Agencies	3137EADH9	FREDDIE MAC	25,000,000	1.00	1.10	3/25/14	6/29/17	20,833	1,998	-	22,831
Federal Agencies	3134G5W50	FREDDIE MAC	50,000,000	1.00	1.00	12/30/14	6/30/17	41,667	-	-	41,667
Federal Agencies	3130A8L35	FEDERAL HOME LOAN BANK	25,000,000	0.75	0.75	6/24/16	7/20/17	15,625	-	-	15,625
Federal Agencies	3133ECV92	FEDERAL FARM CREDIT BANK	50,000,000	0.57	0.57	7/24/13	7/24/17	23,454	-	-	23,454
Federal Agencies	3133ECV66	FEDERAL FARM CREDIT BANK	23,520,000	0.72	0.72	8/5/13	7/26/17	14,132	-	-	14,132
Federal Agencies	3135G0F24	FANNIE MAE	25,000,000	0.54	0.56	9/16/15	8/16/17	11,002	208	-	11,210
Federal Agencies	3133EEF33	FEDERAL FARM CREDIT BANK	50,000,000	0.60	0.60	12/23/14	8/23/17	24,075	-	-	24,075
Federal Agencies	3137EADL0	FREDDIE MAC	25,000,000	1.00	1.22	3/25/14	9/29/17	20,833	4,482	-	25,315
Federal Agencies	3135G0F57	FANNIE MAE	25,000,000	0.53	0.56	10/5/15	10/5/17	11,031	314	-	11,344
Federal Agencies	3133EEF59	FEDERAL FARM CREDIT BANK	30,000,000	0.56	0.56	9/25/15	10/19/17	13,771	(24)	-	13,747
Federal Agencies	3130A6LZ8	FEDERAL HOME LOAN BANK	25,000,000	0.63	0.82	4/28/16	10/26/17	13,021	3,874	-	16,894
Federal Agencies	3133EEBR0	FEDERAL FARM CREDIT BANK	25,000,000	0.56	0.60	11/18/14	11/13/17	11,442	308	-	11,750
Federal Agencies	3133EEJ76	FEDERAL FARM CREDIT BANK	25,000,000	0.55	0.58	8/20/15	11/13/17	11,398	313	-	11,710
Federal Agencies	3134G44F2	FREDDIE MAC	50,000,000	0.80	0.80	5/21/13	11/21/17	33,333	-	-	33,333
Federal Agencies	3130A3HF4	FEDERAL HOME LOAN BANK	25,000,000	1.13	1.19	12/22/14	12/8/17	23,438	1,234	-	24,671
Federal Agencies	3137EADX4	FREDDIE MAC	25,000,000	1.00	1.06	12/11/15	12/15/17	20,833	1,265	-	22,099
Federal Agencies	3133EEFE5	FEDERAL FARM CREDIT BANK	50,000,000	1.13	1.18	12/19/14	12/18/17	46,875	2,342	-	49,217
Federal Agencies	3133EEFH0	FEDERAL FARM CREDIT BANK	4,000,000	0.57	0.58	5/27/15	2/2/18	1,913	16	-	1,929
Federal Agencies	3133EEMH0	FEDERAL FARM CREDIT BANK	35,000,000	0.57	0.62	2/2/15	2/2/18	16,739	578	-	17,317
Federal Agencies	3133EEMH0	FEDERAL FARM CREDIT BANK	25,000,000	0.56	0.56	11/5/14	2/5/18	11,656	-	-	11,656
Federal Agencies	3133EEAN0	FEDERAL FARM CREDIT BANK	25,000,000	0.56	0.59	11/5/14	2/5/18	11,656	208	-	11,864
Federal Agencies	3133EEAN0	FEDERAL FARM CREDIT BANK	50,000,000	0.56	0.59	11/5/14	2/5/18	23,311	415	-	23,726
Federal Agencies	3133EEFN9	FEDERAL FARM CREDIT BANK	25,000,000	0.59	0.61	11/9/15	2/9/18	12,307	207	-	12,514
Federal Agencies	3132X0JL6	FARMER MAC	50,000,000	0.88	0.88	9/1/16	3/1/18	36,458	-	-	36,458
Federal Agencies	3133EEN71	FEDERAL FARM CREDIT BANK	50,000,000	0.58	0.59	5/22/15	3/22/18	23,193	217	-	23,410
Federal Agencies	3133EEQ86	FEDERAL FARM CREDIT BANK	50,000,000	0.50	0.53	5/27/15	3/26/18	20,903	624	-	21,527
Federal Agencies	3133EEQ86	FEDERAL FARM CREDIT BANK	50,000,000	0.50	0.53	5/29/15	3/26/18	20,903	625	-	21,528
Federal Agencies	3133EFWG8	FEDERAL FARM CREDIT BANK	25,000,000	0.69	0.69	1/26/16	3/26/18	14,307	106	-	14,413
Federal Agencies	3133EEZC7	FEDERAL FARM CREDIT BANK	50,000,000	0.58	0.59	4/16/15	4/16/18	23,671	207	-	23,878
Federal Agencies	31331KJ87	FEDERAL FARM CREDIT BANK	14,230,000	3.00	0.94	2/2/16	4/25/18	35,575	(23,844)	-	11,731
Federal Agencies	3134G8XS3	FREDDIE MAC	23,630,000	1.05	1.05	7/22/16	4/27/18	20,676	-	-	20,676

Monthly Investment Earnings

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Federal Agencies	3133EEU40	FEDERAL FARM CREDIT BANK	69,000,000	0.56	0.57	6/3/15	5/3/18	32,258	144	-	32,402
Federal Agencies	3135G0WJ8	FANNIE MAE	25,000,000	0.88	1.05	5/23/13	5/21/18	18,229	3,512	-	21,741
Federal Agencies	3130A8VL4	FEDERAL HOME LOAN BANK	10,000,000	1.00	1.00	8/24/16	5/24/18	8,333	-	-	8,333
Federal Agencies	3130A8VL4	FEDERAL HOME LOAN BANK	25,000,000	1.00	1.00	8/24/16	5/24/18	20,833	-	-	20,833
Federal Agencies	3134G9G66	FREDDIE MAC	50,000,000	0.80	0.80	5/25/16	5/25/18	33,333	-	-	33,333
Federal Agencies	3134G9HC4	FREDDIE MAC	10,000,000	1.00	1.03	5/25/16	5/25/18	8,333	205	-	8,539
Federal Agencies	3133EFC72	FEDERAL FARM CREDIT BANK	25,000,000	0.57	0.57	9/8/15	6/8/18	11,819	-	-	11,819
Federal Agencies	3133EFC72	FEDERAL FARM CREDIT BANK	50,000,000	0.57	0.57	9/8/15	6/8/18	23,638	-	-	23,638
Federal Agencies	3133EEW48	FEDERAL FARM CREDIT BANK	50,000,000	0.56	0.57	6/11/15	6/11/18	23,397	109	-	23,507
Federal Agencies	3133EESH1	FEDERAL FARM CREDIT BANK	25,000,000	1.17	1.25	12/18/15	6/14/18	24,375	1,576	-	25,951
Federal Agencies	3133EGGC3	FEDERAL FARM CREDIT BANK	25,000,000	0.65	0.65	6/20/16	6/20/18	13,324	-	-	13,324
Federal Agencies	3134G9RZ2	FREDDIE MAC	8,950,000	0.80	0.80	6/22/16	6/22/18	5,967	-	-	5,967
Federal Agencies	3134G9UY1	FREDDIE MAC	25,000,000	1.00	1.00	6/29/16	6/29/18	20,833	-	-	20,833
Federal Agencies	3134G9UY1	FREDDIE MAC	25,000,000	1.00	1.00	6/29/16	6/29/18	20,833	-	-	20,833
Federal Agencies	3133EGBQ7	FEDERAL FARM CREDIT BANK	25,000,000	0.66	0.66	5/19/16	7/19/18	13,559	-	-	13,559
Federal Agencies	3133EGBQ7	FEDERAL FARM CREDIT BANK	25,000,000	0.66	0.66	5/19/16	7/19/18	13,559	-	-	13,559
Federal Agencies	3130A8U50	FEDERAL HOME LOAN BANK	22,250,000	0.83	0.89	7/29/16	7/25/18	15,390	1,107	-	16,497
Federal Agencies	3134G9Q67	FREDDIE MAC	25,000,000	1.05	1.05	7/27/16	7/27/18	21,875	-	-	21,875
Federal Agencies	3134G9Q67	FREDDIE MAC	25,000,000	1.05	1.06	7/27/16	7/27/18	21,875	257	-	22,132
Federal Agencies	3133EGFQ3	FEDERAL FARM CREDIT BANK	25,000,000	0.88	0.91	9/21/16	9/14/18	6,076	263	-	6,339
Federal Agencies	3130A9C90	FEDERAL HOME LOAN BANK	25,000,000	1.05	1.05	9/28/16	9/28/18	2,188	-	-	2,188
Federal Agencies	3136G2NZ6	FANNIE MAE	-	0.75	0.75	9/30/15	9/28/18	14,063	-	-	14,063
Federal Agencies	3136G2NZ6	FANNIE MAE	-	0.75	0.75	9/30/15	9/28/18	14,063	-	-	14,063
Federal Agencies	3133EGFK6	FEDERAL FARM CREDIT BANK	25,000,000	0.66	0.66	6/17/16	10/17/18	13,508	-	-	13,508
Federal Agencies	3133EGFK6	FEDERAL FARM CREDIT BANK	25,000,000	0.66	0.66	6/17/16	10/17/18	13,508	-	-	13,508
Federal Agencies	3134G82B4	FREDDIE MAC	25,000,000	0.75	0.75	11/23/15	11/23/18	15,625	-	-	15,625
Federal Agencies	3136G2C39	FANNIE MAE	15,000,000	1.63	1.63	12/30/14	12/28/18	20,313	-	-	20,313
Federal Agencies	3133EGDM4	FEDERAL FARM CREDIT BANK	25,000,000	0.68	0.68	6/2/16	1/2/19	14,248	-	-	14,248
Federal Agencies	3130A8VZ3	FEDERAL HOME LOAN BANK	25,000,000	1.05	1.05	7/28/16	1/25/19	21,875	-	-	21,875
Federal Agencies	3132X0EK3	FARMER MAC	25,000,000	0.81	0.81	1/25/16	1/25/19	16,969	-	-	16,969
Federal Agencies	3133EGBU8	FEDERAL FARM CREDIT BANK	50,000,000	0.70	0.70	5/25/16	2/25/19	29,149	-	-	29,149
Federal Agencies	3136G2XK8	FANNIE MAE	15,935,000	0.75	0.75	2/26/16	2/26/19	15,625	218	-	15,625
Federal Agencies	3136G2Y68	FANNIE MAE	40,000,000	0.93	0.93	2/26/16	2/26/19	9,959	-	-	10,177
Federal Agencies	3132X0ED9	FARMER MAC	6,250,000	1.00	1.00	1/19/16	3/19/19	26,686	-	-	26,686
Federal Agencies	3136G3FC4	FANNIE MAE	14,560,000	0.80	0.80	3/29/16	3/29/19	5,208	-	-	5,208
Federal Agencies	3134G8VT3	FREDDIE MAC	10,000,000	0.88	0.88	5/23/16	4/25/19	9,707	20	-	9,727
Federal Agencies	3134G9DB0	FREDDIE MAC	50,000,000	0.88	0.88	4/29/16	4/29/19	7,292	-	-	7,292
Federal Agencies	3134G9DB0	FREDDIE MAC	50,000,000	0.88	0.88	4/29/16	4/29/19	36,458	-	-	36,458
Federal Agencies	3136G3QP3	FANNIE MAE	10,000,000	1.25	1.25	5/24/16	5/24/19	10,417	-	-	10,417
Federal Agencies	3134G9LF2	FREDDIE MAC	75,000,000	0.75	0.75	6/7/16	6/7/19	46,875	-	-	46,875
Federal Agencies	3136G3NK7	FANNIE MAE	25,000,000	0.75	0.76	6/7/16	6/7/19	15,625	103	-	15,728
Federal Agencies	3136G3NM3	FANNIE MAE	50,000,000	0.75	0.75	6/7/16	6/7/19	31,250	-	-	31,250
Federal Agencies	3134G9QN0	FREDDIE MAC	12,500,000	0.88	0.88	6/14/16	6/14/19	9,115	-	-	9,115
Federal Agencies	3134G9QP5	FREDDIE MAC	50,000,000	1.28	1.28	6/14/16	6/14/19	4,153	-	-	4,153
Federal Agencies	3134G9QR2	FREDDIE MAC	50,000,000	0.85	0.85	7/12/16	7/12/19	53,333	-	-	53,333
Federal Agencies	3133EGED3	FEDERAL FARM CREDIT BANK	25,000,000	0.70	0.70	6/9/16	8/9/19	35,417	-	-	35,417
Federal Agencies	3133EGED3	FEDERAL FARM CREDIT BANK	25,000,000	0.70	0.70	6/9/16	8/9/19	14,494	-	-	14,494
Federal Agencies	3134G94F1	FREDDIE MAC	25,000,000	1.00	1.00	8/15/16	8/15/19	20,833	-	-	20,833
Federal Agencies	3135G0P23	FANNIE MAE	20,000,000	1.25	1.25	8/30/16	8/23/19	20,833	-	-	20,833
Federal Agencies	3136G3X59	FANNIE MAE	25,000,000	1.10	1.10	8/23/16	8/23/19	22,917	-	-	22,917

Monthly Investment Earnings Pooled Fund

Type of Investment	CUSIP	Issuer Name	Par Value	Coupon	YTM ¹	Settle Date	Maturity Date	Earned Interest	Amort. Expense	Realized Gain/(Loss)	Earned Income /Net Earnings
Federal Agencies	3134G9GS0	FREDDIE MAC	25,000,000	1.25	1.25	5/26/16	8/26/19	26,042	-	-	26,042
Federal Agencies	3134GAHR8	FREDDIE MAC	25,000,000	0.75	0.75	9/23/16	9/23/19	4,167	-	-	4,167
Federal Agencies	3134G8TG4	FREDDIE MAC	15,000,000	1.50	1.50	4/11/16	10/11/19	18,750	-	-	18,750
Federal Agencies	3136G3LV5	FANNIE MAE	8,950,000	1.35	1.35	5/26/16	11/26/19	10,069	-	-	10,069
Federal Agencies	3134G9VR5	FREDDIE MAC	25,000,000	1.00	1.00	7/6/16	1/6/20	20,833	-	-	20,833
Federal Agencies	3136G3TK1	FANNIE MAE	25,000,000	0.88	0.88	7/6/16	4/6/20	18,229	-	-	18,229
Federal Agencies	3132X0AT8	FARMER MAC	41,000,000	0.66	0.66	6/5/15	6/2/20	22,684	-	-	22,684
Federal Agencies	3136G3TG0	FANNIE MAE	103,500,000	1.15	1.15	6/30/16	6/30/20	14,375	-	-	14,375
Federal Agencies	3130A9FR7	FEDERAL HOME LOAN BANK	100,000,000	0.68	0.68	9/29/16	9/28/20	3,893	-	-	3,893
Federal Agencies	3133EFTX5	FEDERAL FARM CREDIT BANK	100,000,000	0.86	0.86	12/24/15	12/24/20	71,075	-	-	71,075
Subtotals			\$ 3,768,383,000					\$ 2,592,744	\$ (213,298)	\$ -	\$ 2,379,446
State/Local Agencies	91411SJ19	UNIVERSITY OF CALIFORNIA	-	0.00	0.45	7/5/16	9/1/16	-	-	-	-
State/Local Agencies	91411SJ05	UNIVERSITY OF CALIFORNIA	-	0.00	0.44	7/14/16	9/12/16	1,270	-	-	1,270
State/Local Agencies	91411SJ05	UNIVERSITY OF CALIFORNIA	-	0.00	0.44	7/15/16	9/12/16	3,092	-	-	3,092
State/Local Agencies	91411SKR0	UNIVERSITY OF CALIFORNIA	25,000,000	0.00	0.48	9/15/16	10/25/16	5,333	-	-	5,333
State/Local Agencies	13063CPM6	CALIFORNIA ST	44,000,000	0.75	0.69	12/9/14	11/1/16	27,500	(2,000)	-	25,500
State/Local Agencies	91411SL16	UNIVERSITY OF CALIFORNIA	37,000,000	0.00	0.55	9/1/16	11/1/16	16,958	-	-	16,958
State/Local Agencies	91412GL45	UNIV OF CALIFORNIA CA REVENUE	5,505,000	0.65	0.65	6/30/16	5/15/17	2,982	-	-	2,982
State/Local Agencies	91412GJ07	UNIV OF CALIFORNIA CA REVENUE	3,250,000	1.22	1.22	4/10/14	5/15/17	3,310	-	-	3,310
State/Local Agencies	718814XY7	PHOENIX AZ	20,000,000	3.50	0.76	9/27/16	7/1/17	7,778	(5,990)	-	1,788
State/Local Agencies	13063CFC9	CALIFORNIA ST	16,500,000	1.75	1.66	11/5/13	11/1/17	24,063	(1,213)	-	22,850
State/Local Agencies	13063CPN4	CALIFORNIA ST	5,000,000	1.25	1.22	12/22/14	11/1/17	5,208	(131)	-	5,078
State/Local Agencies	13063CPN4	CALIFORNIA ST	50,000,000	1.25	1.17	11/25/14	11/1/17	52,083	(3,400)	-	48,683
State/Local Agencies	91412GL52	UNIV OF CALIFORNIA CA REVENUE	2,470,000	0.99	0.99	6/30/16	5/5/18	2,044	-	-	2,044
State/Local Agencies	64605QQ8	NEW JERSEY ST EDUC TNL FACS F	5,000,000	5.00	0.85	9/29/16	7/1/18	1,389	(1,127)	-	262
State/Local Agencies	91412GL60	UNIV OF CALIFORNIA CA REVENUE	2,000,000	1.23	1.23	6/30/16	5/15/19	2,047	-	-	2,047
State/Local Agencies	91412G5B2	UNIV OF CALIFORNIA CA REVENUE	4,180,000	1.80	1.57	10/5/15	7/1/19	6,256	(757)	-	5,499
State/Local Agencies	91412G5B2	UNIV OF CALIFORNIA CA REVENUE	16,325,000	1.80	1.56	10/2/15	7/1/19	24,433	(2,997)	-	21,437
State/Local Agencies	6055804W6	MISSISSIPPI ST	8,500,000	6.09	1.38	4/23/15	10/1/19	43,130	(31,767)	-	11,364
State/Local Agencies	977100CW4	WISCONSIN ST GEN FUND ANNUA	18,000,000	1.45	1.45	8/16/16	5/1/20	21,690	-	-	21,690
State/Local Agencies	91412GF59	UNIV OF CALIFORNIA CA REVENUE	1,769,000	1.91	1.40	8/9/16	5/15/21	2,816	(719)	-	2,097
Subtotals			\$ 264,499,000					\$ 253,382	\$ (50,100)	\$ -	\$ 203,283
Public Time Deposits	PP5Z1EJS4	MISSION NATIONAL BK SF	240,000	0.86	0.86	2/19/16	2/21/17	169	-	-	169
Public Time Deposits	PP600XGA1	TRANS-PAC NATIONAL BK	240,000	1.05	1.05	3/21/16	3/21/17	208	-	-	208
Public Time Deposits	PPF00EG62	BANK OF SAN FRANCISCO	240,000	0.89	0.89	4/11/16	4/11/17	178	-	-	178
Public Time Deposits	PPQJ03J86	PREFERRED BANK LA CALIF	240,000	0.85	0.85	5/16/16	5/16/17	168	-	-	168
Public Time Deposits	PP7C0E3S1	UMPQUA BANK	240,000	0.79	0.79	6/29/16	6/29/17	158	-	-	158
Subtotals			\$ 1,200,000					\$ 882	\$ -	\$ -	\$ 882
Negotiable CDs	06427E3U3	BANK OF MONTREAL CHICAGO	-	0.64	0.64	6/28/16	9/21/16	8,889	-	-	8,889
Negotiable CDs	06366CA32	BANK OF MONTREAL CHICAGO	-	0.78	0.78	3/31/15	9/23/16	23,866	-	-	23,866
Negotiable CDs	06366CA32	BANK OF MONTREAL CHICAGO	-	0.78	0.78	3/31/15	9/23/16	11,933	-	-	11,933
Negotiable CDs	06417HUW4	BANK OF NOVA SCOTIA HOUS	-	0.84	0.84	9/25/14	9/23/16	25,723	-	-	25,723
Negotiable CDs	06366CC48	BANK OF MONTREAL CHICAGO	-	0.78	0.78	4/7/15	10/7/16	20,391	-	5,400	25,791
Negotiable CDs	06417HVR4	BANK OF NOVA SCOTIA HOUS	-	0.86	0.86	10/7/14	10/7/16	22,618	-	6,517	29,134
Negotiable CDs	78009NB96	ROYAL BANK OF CANADA NY	-	0.85	0.85	4/20/16	10/17/16	8,802	-	5,443	14,245
Negotiable CDs	89113EE69	TORONTO DOMINION BANK NY	25,000,000	0.93	0.93	10/16/15	10/17/16	19,356	-	-	19,356
Negotiable CDs	89113EL79	TORONTO DOMINION BANK NY	-	1.00	0.97	2/12/16	11/8/16	10,417	-	-	10,417
Negotiable CDs	78009NXP6	ROYAL BANK OF CANADA NY	50,000,000	1.17	1.17	12/3/15	12/2/16	48,509	3,833	7,542	56,350

Monthly Investment Earnings

Pooled Fund

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Negotiable CDs	89113EU20	TORONTO DOMINION BANK NY	50,000,000	1.16	1.16	12/7/15	12/7/16	47,216	-	-	47,216
Negotiable CDs	78009NSX5	ROYAL BANK OF CANADA NY	-	0.83	0.83	12/15/14	12/15/16	32,375	-	21,506	53,881
Negotiable CDs	96121TH27	WESTPAC BANKING CORP NY	-	0.99	0.99	12/22/15	12/28/16	27,606	-	8,870	36,476
Negotiable CDs	96121TH27	WESTPAC BANKING CORP NY	25,000,000	0.99	0.99	12/22/15	12/28/16	35,199	-	6,381	41,580
Negotiable CDs	78009NB54	ROYAL BANK OF CANADA NY	50,000,000	0.96	0.96	4/8/16	1/4/17	40,000	-	-	40,000
Negotiable CDs	78009ZM21	ROYAL BANK OF CANADA NY	25,000,000	1.04	1.04	1/25/16	1/25/17	21,553	-	-	21,553
Negotiable CDs	06427EM65	BANK OF MONTREAL CHICAGO	25,000,000	1.00	1.00	4/29/16	2/1/17	20,760	-	-	20,760
Negotiable CDs	89113E2G0	TORONTO DOMINION BANK NY	50,000,000	1.02	1.02	1/11/16	2/1/17	42,634	-	-	42,634
Negotiable CDs	89113WF55	TORONTO DOMINION BANK NY	25,000,000	1.07	1.07	7/28/16	2/1/17	22,359	-	-	22,359
Negotiable CDs	96121TK64	WESTPAC BANKING CORP NY	50,000,000	1.02	1.02	2/4/16	2/3/17	42,500	-	-	42,500
Negotiable CDs	89113WAL0	TORONTO DOMINION BANK NY	40,000,000	1.00	1.00	5/11/16	2/15/17	33,333	-	-	33,333
Negotiable CDs	06417HE36	BANK OF NOVA SCOTIA HOUS	25,000,000	1.10	1.10	2/23/15	2/23/17	22,856	-	-	22,856
Negotiable CDs	06417HE36	BANK OF NOVA SCOTIA HOUS	25,000,000	1.10	1.10	2/23/15	2/23/17	22,856	-	-	22,856
Negotiable CDs	06427EX55	BANK OF MONTREAL CHICAGO	25,000,000	1.03	1.03	6/8/16	3/6/17	21,458	-	-	21,458
Negotiable CDs	78009NZW9	ROYAL BANK OF CANADA NY	50,000,000	1.03	1.03	3/10/16	3/10/17	42,746	-	-	42,746
Negotiable CDs	06427EDJ7	BANK OF MONTREAL CHICAGO	25,000,000	0.93	0.93	9/17/15	3/17/17	19,101	-	-	19,101
Negotiable CDs	78009ND94	ROYAL BANK OF CANADA NY	25,000,000	0.96	0.96	7/1/16	3/27/17	20,000	-	-	20,000
Negotiable CDs	89113EC79	TORONTO DOMINION BANK NY	50,000,000	1.10	1.10	10/2/15	3/28/17	37,356	-	-	37,356
Negotiable CDs	89113E5Z5	TORONTO DOMINION BANK NY	25,000,000	1.10	1.10	4/8/16	4/12/17	22,917	-	-	22,917
Negotiable CDs	06427K3A3	BANK OF MONTREAL CHICAGO	25,000,000	1.16	1.16	8/3/16	5/3/17	24,148	-	-	24,148
Negotiable CDs	89113WJL6	TORONTO DOMINION BANK NY	40,000,000	1.32	1.32	9/9/16	6/15/17	32,267	-	-	32,267
Negotiable CDs	06417HUR5	BANK OF NOVA SCOTIA HOUS	50,000,000	1.13	1.13	9/25/14	9/25/17	39,425	-	-	39,425
Negotiable CDs	06427EK91	BANK OF MONTREAL CHICAGO	-	1.24	1.24	4/25/16	10/25/17	36,295	-	473	36,767
Subtotals			\$ 780,000,000					\$ 907,465	\$ 3,833	\$ 62,130	\$ 973,427
Commercial Paper	19416EJ24	COLGATE-PALMOLIVE CO	\$	0.00	0.32	9/1/16	9/2/16	158	\$	\$	158
Commercial Paper	06538BJ79	BANK TOKYO-MIT UFJ NY	-	0.00	0.54	7/5/16	9/7/16	2,700	-	-	2,700
Commercial Paper	06538BK00	BANK TOKYO-MIT UFJ NY	-	0.00	0.56	7/12/16	9/19/16	11,200	-	-	11,200
Commercial Paper	06538BK00	BANK TOKYO-MIT UFJ NY	-	0.00	0.89	4/19/16	10/17/16	11,125	-	9,300	20,425
Commercial Paper	06538BKX0	BANK TOKYO-MIT UFJ NY	25,000,000	0.00	0.90	5/3/16	10/31/16	18,750	-	-	18,750
Commercial Paper	06538BME7	BANK TOKYO-MIT UFJ NY	25,000,000	0.00	0.90	5/4/16	10/31/16	18,750	-	-	18,750
Commercial Paper	89233GQ33	TOYOTA MOTOR CREDIT CORP	-	0.00	0.94	6/20/16	12/15/16	18,800	-	7,733	26,533
Commercial Paper	89233GQ66	TOYOTA MOTOR CREDIT CORP	25,000,000	0.00	1.02	6/6/16	3/3/17	21,042	-	-	21,042
Commercial Paper	89233GQ74	TOYOTA MOTOR CREDIT CORP	25,000,000	0.00	1.01	6/9/16	3/6/17	20,833	-	-	20,833
Commercial Paper	89233GQ74	TOYOTA MOTOR CREDIT CORP	25,000,000	0.00	1.01	6/10/16	3/7/17	20,833	-	-	20,833
Commercial Paper	89233GR73	TOYOTA MOTOR CREDIT CORP	40,000,000	0.00	1.06	7/13/16	4/7/17	35,000	-	-	35,000
Commercial Paper	06538BRM7	BANK TOKYO-MIT UFJ NY	50,000,000	0.00	1.22	7/26/16	4/21/17	50,417	-	-	50,417
Commercial Paper	89233APL7	TOYOTA MOTOR CREDIT CORP	25,000,000	1.07	1.07	7/28/16	4/21/17	22,373	-	-	22,373
Commercial Paper	06538BS53	BANK TOKYO-MIT UFJ NY	25,000,000	0.00	1.32	8/9/16	5/5/17	27,292	-	-	27,292
Commercial Paper	06538BS53	BANK TOKYO-MIT UFJ NY	40,000,000	0.00	1.34	8/10/16	5/5/17	44,333	-	-	44,333
Commercial Paper	06538BS53	BANK TOKYO-MIT UFJ NY	25,000,000	0.00	1.35	8/17/16	5/12/17	27,917	-	-	27,917
Commercial Paper	06538BT29	BANK TOKYO-MIT UFJ NY	40,000,000	0.00	1.38	9/7/16	6/2/17	36,533	-	-	36,533
Commercial Paper	89233GT63	TOYOTA MOTOR CREDIT CORP	25,000,000	0.00	1.25	9/9/16	6/6/17	18,944	-	-	18,944
Subtotals			\$ 395,000,000					\$ 407,000	\$ 17,033	\$ 424,034	
Medium Term Notes	89114QAL2	TORONTO-DOMINION BANK	\$	1.12	0.41	12/15/14	9/9/16	4,697	\$	\$	3,610
Medium Term Notes	89114QAL2	TORONTO-DOMINION BANK	-	1.12	0.41	3/2/15	9/9/16	5,955	(1,087)	-	4,467
Medium Term Notes	9612E0DB0	WESTPAC BANKING CORP	-	0.77	0.77	10/10/14	10/7/16	22,264	-	4,357	26,621
Medium Term Notes	073928S46	BEAR STEARNS COS LLC	6,450,000	1.20	1.83	2/10/16	11/21/16	6,455	1,080	-	7,535
Medium Term Notes	36967FAB7	GENERAL ELECTRIC CO	20,000,000	0.94	0.94	1/9/15	1/9/17	15,743	-	-	15,743
Medium Term Notes	064159AM8	BANK OF NOVA SCOTIA	10,000,000	2.55	1.03	10/20/15	1/12/17	21,250	(12,367)	-	8,883

Monthly Investment Earnings Pooled Fund

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Medium Term Notes	90331HMC4	US BANK NA CINCINNATI	1,500,000	1.10	0.96	2/11/16	1/30/17	1,375	(175)	-	1,200
Medium Term Notes	90331HMC4	US BANK NA CINCINNATI	6,900,000	1.10	0.84	7/1/16	1/30/17	6,325	(1,477)	-	4,848
Medium Term Notes	90331HMC4	US BANK NA CINCINNATI	8,515,000	1.10	1.00	2/12/16	1/30/17	7,805	(695)	-	7,111
Medium Term Notes	90331HMC4	US BANK NA CINCINNATI	10,000,000	1.10	0.90	6/24/16	1/30/17	9,167	(1,664)	-	7,503
Medium Term Notes	36962G2F0	GENERAL ELECTRIC CO	3,791,000	0.99	1.08	4/8/15	2/15/17	3,118	82	-	3,200
Medium Term Notes	36962G2F0	GENERAL ELECTRIC CO	4,948,000	0.99	1.20	4/1/15	2/15/17	4,070	229	-	4,299
Medium Term Notes	89236TCC7	TOYOTA MOTOR CREDIT CORP	-	1.01	1.01	2/20/15	2/16/17	28,007	-	23,170	51,176
Medium Term Notes	89236TCC7	TOYOTA MOTOR CREDIT CORP	-	1.01	0.88	4/14/15	2/16/17	5,601	4,730	(1,666)	8,665
Medium Term Notes	91159HHD5	US BANCORP	3,090,000	1.65	1.09	2/3/16	5/15/17	4,249	(1,407)	-	2,841
Medium Term Notes	459200JD4	IBM CORP	25,000,000	1.25	1.25	2/19/16	8/18/17	26,068	-	-	26,068
Medium Term Notes	459200GJ4	IBM CORP	1,325,000	5.70	1.04	3/22/16	9/14/17	6,294	(5,012)	-	1,282
Medium Term Notes	911312AP1	UNITED PARCEL SERVICE	2,000,000	1.13	1.01	1/28/16	10/1/17	1,875	(185)	-	1,690
Medium Term Notes	459200HK0	IBM CORP	11,450,000	1.25	0.90	5/6/16	2/8/18	11,927	(3,248)	-	8,679
Medium Term Notes	89236TCY9	TOYOTA MOTOR CREDIT CORP	-	1.04	1.04	4/8/16	4/6/18	23,318	-	98,720	122,038
Subtotals			\$ 114,969,000					\$ 215,564	\$ (22,684)	\$ 124,580	\$ 317,460
Money Market Funds	09248U718	BLACKROCK LIQUIDITY FUNDS T-F	80,008,496	0.21	0.21	1/15/13	10/1/16	1,763	-	-	1,763
Money Market Funds	31607A703	FIDELITY INSTITUTIONAL MONEY I	345,466,894	0.31	0.31	11/4/15	10/1/16	77,328	-	-	77,328
Money Market Funds	61747C707	MORGAN STANLEY INSTITUTIONAL	250,231,977	0.31	0.31	12/31/12	10/1/16	12,429	-	-	12,429
Subtotals			\$ 675,707,368					\$ 91,520	\$ -	\$ -	\$ 91,520
Supranationals	45905UXQ2	INTL BK RECON & DEVELOP	25,000,000	0.65	0.65	7/27/16	1/26/18	13,324	-	-	13,324
Supranationals	45905BER0	INTL BK RECON & DEVELOP	25,000,000	1.00	1.07	10/7/15	10/5/18	20,833	1,165	-	21,999
Subtotals			\$ 50,000,000					\$ 34,157	\$ 1,165	\$ -	\$ 35,323
Grand Totals			\$ 7,324,758,368					\$ 4,928,325	\$ (230,870)	\$ 203,742	\$ 4,901,197

¹Yield to maturity is calculated at purchase

Investment Transactions

Pooled Fund

For month ended September 30, 2016

Transaction	Settle Date	Maturity	Type of Investment	Issuer Name	CUSIP	Par Value	Coupon	YTM	Price	Interest	Transaction
Purchase	9/1/2016	10/1/2016	Money Market Funds	BLACKROCK LIQUIDITY FUND	09248U718	\$ 945	0.22	0.22	\$ 100.00	\$ -	945
Purchase	9/20/2016	10/1/2016	Money Market Funds	FIDELITY INSTITUTIONAL M	31607A703	50,000,000	0.31	0.31	100.00	-	50,000,000
Purchase	9/20/2016	10/1/2016	Money Market Funds	MORGAN STANLEY INSTITUTI	61747C707	40,000,000	0.31	0.31	100.00	-	40,000,000
Purchase	9/23/2016	10/1/2016	Money Market Funds	MORGAN STANLEY INSTITUTI	61747C707	80,000,000	0.31	0.31	100.00	-	80,000,000
Purchase	9/28/2016	10/1/2016	Money Market Funds	MORGAN STANLEY INSTITUTI	61747C707	50,000,000	0.31	0.31	100.00	-	50,000,000
Purchase	9/29/2016	10/1/2016	Money Market Funds	BLACKROCK LIQUIDITY FUND	09248U718	75,000,000	0.21	0.21	100.00	-	75,000,000
Purchase	9/29/2016	10/1/2016	Money Market Funds	FIDELITY INSTITUTIONAL M	31607A703	25,000,000	0.31	0.31	100.00	-	25,000,000
Purchase	9/29/2016	10/1/2016	Money Market Funds	MORGAN STANLEY INSTITUTI	61747C707	100,000,000	0.31	0.31	100.00	-	100,000,000
Purchase	9/30/2016	10/1/2016	Money Market Funds	FIDELITY INSTITUTIONAL M	31607A703	77,328	0.31	0.31	100.00	-	77,328
Purchase	9/30/2016	10/1/2016	Money Market Funds	MORGAN STANLEY INSTITUTI	61747C707	12,429	0.31	0.31	100.00	-	12,429
Subtotals						\$ 420,090,703	0.29	0.29	\$ 100.00	\$ -	\$ 420,090,703
Sale	9/12/2016	10/1/2016	Money Market Funds	FIDELITY INSTITUTIONAL M	31607A703	\$ 40,000,000	0.31	0.31	\$ 100.00	\$ -	\$ 40,000,000
Sale	9/15/2016	12/15/2016	Negotiable CDs	ROYAL BANK OF CANADA NY	78009NSX5	100,000,000	0.83	0.83	100.02	-	100,021,506
Sale	9/16/2016	10/17/2016	Commercial Paper	BANK TOKYO-MIT UFJ NY	06538BKH5	30,000,000	0.00	0.89	99.95	-	29,986,308
Sale	9/16/2016	10/17/2016	Negotiable CDs	ROYAL BANK OF CANADA NY	78009NB96	25,000,000	0.85	0.85	100.02	87,434	25,092,877
Sale	9/16/2016	11/8/2016	Negotiable CDs	TORONTO DOMINION BANK NY	89113EL79	25,000,000	1.00	0.97	100.05	214,583	25,227,248
Sale	9/19/2016	12/15/2016	Commercial Paper	BANK TOKYO-MIT UFJ NY	06538BMF7	40,000,000	0.00	0.94	99.79	-	39,916,867
Sale	9/19/2016	4/6/2018	Medium Term Notes	TOYOTA MOTOR CREDIT CORP	89238TCY9	45,000,000	1.04	1.04	100.22	97,158	45,195,877
Sale	9/20/2016	10/7/2016	Negotiable CDs	BANK OF MONTREAL CHICAGO	06366CC48	50,000,000	0.78	0.78	100.01	14,071	50,019,471
Sale	9/20/2016	10/7/2016	Negotiable CDs	BANK OF NOVA SCOTIA HOUS	06417HVR4	50,000,000	0.86	0.86	100.01	89,281	50,095,798
Sale	9/21/2016	2/16/2017	Medium Term Notes	TOYOTA MOTOR CREDIT CORP	89236TCC7	10,000,000	1.01	0.88	100.05	10,083	10,014,716
Sale	9/21/2016	2/16/2017	Medium Term Notes	TOYOTA MOTOR CREDIT CORP	89236TCC7	50,000,000	1.01	1.01	100.05	50,413	50,073,582
Sale	9/21/2016	12/28/2016	Negotiable CDs	WESTPAC BANKING CORP NY	96121TH27	50,000,000	0.99	0.99	100.02	30,367	50,039,237
Sale	9/22/2016	10/25/2017	Negotiable CDs	BANK OF MONTREAL CHICAGO	06427EK91	50,000,000	1.24	1.24	100.00	48,393	50,048,865
Sale	9/22/2016	12/28/2016	Negotiable CDs	WESTPAC BANKING CORP NY	96121TH27	25,000,000	0.99	0.99	100.03	15,874	25,022,255
Sale	9/22/2016	10/7/2016	Medium Term Notes	WESTPAC BANKING CORP	9612E0DB0	50,000,000	0.77	0.77	100.01	16,028	50,020,384
Sale	9/26/2016	10/1/2016	Money Market Funds	MORGAN STANLEY INSTITUTI	61747C707	25,000,000	0.31	0.31	100.00	-	25,000,000
Subtotals						\$ 665,000,000	0.77	0.87	\$ 100.02	\$ 673,684	\$ 665,774,991
Call	9/14/2016	6/14/2019	Federal Agencies	FREDDIE MAC	3134G9QP5	\$ 11,500,000	1.00	1.00	100	\$ 28,750	\$ 11,528,750
Call	9/28/2016	9/28/2018	Federal Agencies	FANNIE MAE	3136G2NZ6	25,000,000	0.75	0.75	100	-	25,000,000
Call	9/28/2016	9/28/2018	Federal Agencies	FANNIE MAE	3136G2NZ6	25,000,000	0.75	0.75	100	-	25,000,000
Subtotals						\$ 61,500,000	0.80	0.80	\$ 100.00	\$ 28,750	\$ 61,528,750
Maturity	9/1/2016	9/1/2016	Federal Agencies	FARMER MAC	31315PQB8	\$ 7,000,000	1.50	0.70	100	\$ 52,500	\$ 7,052,500
Maturity	9/1/2016	9/1/2016	State/Local Agencies	UNIVERSITY OF CALIFORNIA	91411SJ19	37,000,000	0.00	0.45	100	-	37,000,000
Maturity	9/7/2016	9/7/2016	Commercial Paper	BANK TOKYO-MIT UFJ NY	06538BJ79	30,000,000	0.00	0.54	100	-	30,000,000
Maturity	9/9/2016	9/9/2016	Federal Agencies	FEDERAL HOME LOAN BANK	3130A6BD8	15,000,000	0.51	0.35	100	38,250	15,038,250
Maturity	9/9/2016	9/9/2016	Federal Agencies	FEDERAL HOME LOAN BANK	313370TW8	25,000,000	2.00	1.39	100	250,000	25,250,000
Maturity	9/9/2016	9/9/2016	Medium Term Notes	TORONTO-DOMINION BANK	89114QAL2	18,930,000	1.12	0.43	100	54,017	18,984,017
Maturity	9/9/2016	9/9/2016	Medium Term Notes	TORONTO-DOMINION BANK	89114QAL2	24,000,000	1.12	0.41	100	68,485	24,068,485
Maturity	9/12/2016	9/12/2016	State/Local Agencies	UNIVERSITY OF CALIFORNIA	91411SJC5	9,450,000	0.00	0.44	100	-	9,450,000
Maturity	9/19/2016	9/19/2016	Commercial Paper	BANK TOKYO-MIT UFJ NY	06538BJK0	40,000,000	0.00	0.56	100	-	40,000,000
Maturity	9/21/2016	9/21/2016	Negotiable CDs	BANK OF MONTREAL CHICAGO	06427E3U3	25,000,000	0.64	0.64	100	37,778	25,037,778
Maturity	9/23/2016	9/23/2016	Negotiable CDs	BANK OF MONTREAL CHICAGO	06366CA32	25,000,000	0.78	0.78	100	16,814	25,016,814
Maturity	9/23/2016	9/23/2016	Negotiable CDs	BANK OF MONTREAL CHICAGO	06366CA32	50,000,000	0.78	0.78	100	33,629	50,033,629
Maturity	9/23/2016	9/23/2016	Negotiable CDs	BANK OF NOVA SCOTIA HOUS	06417HJW4	50,000,000	0.84	0.84	100	107,570	50,107,570
Maturity	9/29/2016	9/29/2016	Federal Agencies	FEDERAL HOME LOAN BANK	3130A7KH7	5,495,000	0.53	0.42	100	14,562	5,509,562
Maturity	9/30/2016	9/30/2016	U.S. Treasuries	USTSY NT	912828RJ1	75,000,000	1.00	1.05	100	375,000	75,375,000
Subtotals						\$ 436,875,000	0.71	0.73	\$ 100.00	\$ 1,048,605	\$ 437,923,605

Investment Transactions Pooled Fund

Transaction	Settle Date	Maturity	Type of Investment	Issuer Name	CUSIP	Par Value	Coupon	YTM	Price	Interest	Transaction
Interest	9/1/2016	10/1/2016	Money Market Funds	BLACKROCK LIQUIDITY FUND	09248U718	\$ 5,008,496	0.22	0.22	\$ -	\$ -	945
Interest	9/1/2016	2/1/2017	Negotiable CDs	TORONTO DOMINION BANK NY	89113E2G0	50,000,000	0.99	0.99	-	-	42,793
Interest	9/2/2016	3/2/2017	Federal Agencies	FEDERAL HOME LOAN BANK	3130A8D83	25,000,000	0.52	0.52	-	-	11,108
Interest	9/2/2016	6/2/2020	Federal Agencies	FARMER MAC	3132X0AT8	41,000,000	0.64	0.64	-	-	22,451
Interest	9/2/2016	2/2/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEMH0	4,000,000	0.55	0.55	-	-	1,880
Interest	9/2/2016	2/2/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEMH0	35,000,000	0.55	0.59	-	-	16,453
Interest	9/2/2016	1/2/2019	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EGDM4	25,000,000	0.66	0.66	-	-	14,120
Interest	9/2/2016	12/2/2016	Negotiable CDs	ROYAL BANK OF CANADA NY	78009NXP6	50,000,000	1.02	1.02	-	-	129,797
Interest	9/3/2016	5/3/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEU40	69,000,000	0.53	0.54	-	-	31,723
Interest	9/5/2016	2/5/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEAN0	25,000,000	0.54	0.54	-	-	11,588
Interest	9/5/2016	2/5/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEAN0	25,000,000	0.56	0.59	-	-	11,588
Interest	9/5/2016	2/5/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEAN0	50,000,000	0.56	0.59	-	-	23,117
Interest	9/5/2016	10/5/2017	Federal Agencies	FANNIE MAE	3135G0F57	25,000,000	0.51	0.53	-	-	10,912
Interest	9/7/2016	10/7/2016	Negotiable CDs	BANK OF MONTREAL CHICAGO	06366CC48	50,000,000	0.76	0.76	-	-	31,600
Interest	9/7/2016	12/7/2016	Negotiable CDs	TORONTO DOMINION BANK NY	89113EU20	50,000,000	1.01	1.01	-	-	129,330
Interest	9/7/2016	10/7/2016	Medium Term Notes	WESTPAC BANKING CORP	9612E0DB0	50,000,000	0.75	0.75	-	-	31,183
Interest	9/8/2016	6/8/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EECT2	25,000,000	0.55	0.55	-	-	11,913
Interest	9/8/2016	6/8/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EECT2	50,000,000	0.55	0.55	-	-	23,827
Interest	9/9/2016	2/9/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EFNK9	25,000,000	0.58	0.60	-	-	12,570
Interest	9/9/2016	8/9/2019	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EGED3	25,000,000	0.69	0.69	-	-	14,830
Interest	9/9/2016	8/9/2019	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EGED3	25,000,000	0.69	0.69	-	-	14,830
Interest	9/10/2016	3/10/2017	Federal Agencies	FEDERAL HOME LOAN BANK	3133782N0	15,000,000	0.88	0.93	-	-	65,625
Interest	9/10/2016	3/10/2017	Federal Agencies	FEDERAL HOME LOAN BANK	3133782N0	22,185,000	0.88	0.72	-	-	97,059
Interest	9/10/2016	3/10/2017	Federal Agencies	FEDERAL HOME LOAN BANK	3133782N0	50,000,000	0.88	0.82	-	-	218,750
Interest	9/11/2016	6/11/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEW48	50,000,000	0.56	0.56	-	-	24,031
Interest	9/12/2016	3/10/2017	Negotiable CDs	ROYAL BANK OF CANADA NY	78009NZW9	50,000,000	1.02	1.02	-	-	46,837
Interest	9/13/2016	11/13/2017	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEBR0	25,000,000	0.54	0.57	-	-	11,574
Interest	9/14/2016	9/14/2017	Medium Term Notes	IBM CORP	459200GJ4	1,325,000	5.70	1.04	-	-	37,763
Interest	9/15/2016	12/15/2016	Negotiable CDs	ROYAL BANK OF CANADA NY	78009NSX5	50,000,000	0.83	0.83	-	-	212,750
Interest	9/16/2016	4/16/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEZC7	50,000,000	0.56	0.57	-	-	23,967
Interest	9/16/2016	8/16/2017	Federal Agencies	FANNIE MAE	3135G0F24	25,000,000	0.52	0.54	-	-	11,122
Interest	9/17/2016	10/17/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EGFK6	25,000,000	0.64	0.64	-	-	13,723
Interest	9/17/2016	10/17/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EGFK6	25,000,000	0.64	0.64	-	-	13,723
Interest	9/19/2016	3/17/2017	Negotiable CDs	BANK OF MONTREAL CHICAGO	06427EDJ7	25,000,000	0.91	0.91	-	-	20,796
Interest	9/19/2016	3/19/2019	Federal Agencies	FARMER MAC	3132X0ED9	40,000,000	0.72	0.72	-	-	73,252
Interest	9/19/2016	6/19/2017	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EAUW6	50,000,000	0.62	0.62	-	-	78,472
Interest	9/19/2016	10/19/2017	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EETS9	30,000,000	0.54	0.54	-	-	14,056
Interest	9/19/2016	7/19/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EGBQ7	25,000,000	0.64	0.64	-	-	13,866
Interest	9/19/2016	7/19/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EGBQ7	25,000,000	0.64	0.64	-	-	13,866
Interest	9/20/2016	6/20/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EGGC3	25,000,000	0.63	0.63	-	-	13,615
Interest	9/21/2016	3/21/2017	Public Time Deposits	TRANS-PAC NATIONAL BK	PP600XGA1	240,000	1.06	1.06	-	-	635
Interest	9/22/2016	3/22/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEN71	50,000,000	0.55	0.56	-	-	23,570
Interest	9/23/2016	8/23/2017	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEFX3	50,000,000	0.57	0.57	-	-	24,587
Interest	9/24/2016	7/24/2017	Federal Agencies	FEDERAL FARM CREDIT BANK	3133ECV92	50,000,000	0.56	0.56	-	-	24,205
Interest	9/24/2016	3/24/2017	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EDP30	26,000,000	0.56	0.50	-	-	12,586
Interest	9/24/2016	12/24/2020	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EFTX5	100,000,000	0.85	0.85	-	-	73,381
Interest	9/25/2016	2/25/2019	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EGBU8	50,000,000	0.70	0.70	-	-	115,027
Interest	9/26/2016	9/25/2017	Negotiable CDs	BANK OF NOVA SCOTIA HOUS	06417HUR5	50,000,000	0.91	0.91	-	-	115,027
Interest	9/26/2016	3/26/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEQ86	50,000,000	0.50	0.53	-	-	63,292
Interest	9/26/2016	3/26/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEQ86	50,000,000	0.50	0.53	-	-	63,292
Interest	9/26/2016	3/26/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EFWG8	25,000,000	0.69	0.69	-	-	14,638
Interest	9/26/2016	1/25/2017	Negotiable CDs	ROYAL BANK OF CANADA NY	78009NZD1	25,000,000	1.03	1.03	-	-	22,986
Interest	9/27/2016	2/27/2017	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EDFW7	50,000,000	0.59	0.59	-	-	24,922

Investment Transactions

Pooled Fund

Transaction	Settle Date	Maturity	Type of Investment	Issuer Name	CUSIP	Par Value	Coupon	YTM	Price	Interest	Transaction
Interest	9/28/2016	9/28/2018	Federal Agencies	FANNIE MAE	3136G2NZ6	25,000,000	0.75	0.75	-	-	93,750
Interest	9/28/2016	9/28/2018	Federal Agencies	FANNIE MAE	3136G2NZ6	25,000,000	0.75	0.75	-	-	93,750
Interest	9/28/2016	3/28/2017	Negotiable CDs	TORONTO DOMINION BANK NY	89113EC79	50,000,000	0.87	0.87	-	-	111,627
Interest	9/28/2016	12/28/2016	Negotiable CDs	WESTPAC BANKING CORP NY	96121TH27	25,000,000	0.99	0.99	-	-	20,015
Interest	9/29/2016	3/29/2017	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EDZW5	25,000,000	0.54	0.55	-	-	11,707
Interest	9/29/2016	3/29/2019	Federal Agencies	FANNIE MAE	3136G3FC4	6,250,000	1.00	1.00	-	-	31,250
Interest	9/29/2016	9/29/2017	Federal Agencies	FREDDIE MAC	3137EADL0	25,000,000	1.00	1.22	-	-	125,000
Interest	9/29/2016	6/29/2017	Public Time Deposits	UMPQUA BANK	PP7C0E3S1	240,000	0.80	0.80	-	-	486
Interest	9/30/2016	10/1/2016	Money Market Funds	BLACKROCK LIQUIDITY FUND	09248U718	80,010,259	0.21	0.21	-	-	1,763
Interest	9/30/2016	10/1/2016	Money Market Funds	FIDELITY INSTITUTIONAL M	31607A703	345,466,894	0.31	0.31	-	-	77,328
Interest	9/30/2016	10/1/2016	Money Market Funds	MORGAN STANLEY INSTITUTI	61747C707	250,231,977	0.31	0.31	-	-	12,429
Interest	9/30/2016	3/31/2017	U.S. Treasuries	US TSY NT	912828SM3	50,000,000	1.00	1.07	-	-	250,000
Subtotals						\$2,870,957,627	0.62	0.62	\$	\$	2,925,687

Grand Totals	10 Purchases	(16) Sales	(18) Maturities / Calls	(24) Change in number of positions

Non-Pooled Investments

As of September 30, 2016

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	0.17	3.50	\$ 675,000	\$ 675,000	\$ 675,000	\$ 677,201
Subtotals					0.17	3.50	\$ 675,000	\$ 675,000	\$ 675,000	\$ 677,201
Grand Totals					0.17	3.50	\$ 675,000	\$ 675,000	\$ 675,000	\$ 677,201

NON-POOLED FUNDS PORTFOLIO STATISTICS

	Current Month		Prior Month	
	Fiscal YTD	September 2016	Fiscal YTD	August 2016
Average Daily Balance	\$ 675,000	\$ 675,000	\$ 675,000	\$ 675,000
Net Earnings	\$ 5,906	\$ 1,969	\$ 3,938	\$ 1,969
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: 11.09.16 **RE:** Finance Committee
November 15, 2016

To: Finance Committee: Commissioners Mar (Chair), Cohen (Vice Chair), Campos, Kim, Yee and Wiener (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, 2016

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, 2016 was conducted in accordance with generally accepted auditing standards by the independent, certified public accounting firm of Vavrinek, Trine, Day & Co., LLP (Vavrinek, Trine, Day & Co.). The Transportation Authority received all unmodified (also known as a clean opinion/unqualified opinion) audit opinions from Vavrinek, Trine, Day & Co., with no findings or recommendations for improvements. For the fiscal audit, Vavrinek, Trine, Day & Co. 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 Interstate-80/Yerba Buena Island Interchange Improvement and Bridge Structures Project. For the single audit, Vavrinek, Trine, Day & Co. 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 is attached.

BACKGROUND

Under its Fiscal Policy (Resolution 16-56), 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, 2016 (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 Vavrinek, Trine,

Day & Co., LLP (Vavrinek, Trine, Day & Co.).

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 other supplementary which include 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 Vavrinek, Trine, Day & Co. issued all unmodified (clean/unqualified) opinions and had no findings or recommendations for improvements. The Transportation Authority recognized all significant transactions in the financial statements in the proper period and received no adjustments to any estimates made in the financial statements. For the annual fiscal audit, Vavrinek, Trine, Day & Co. 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 Interstate-80/Yerba Buena Island Interchange Improvement and Bridge Structures Project. For the single audit, Vavrinek, Trine, Day & Co. 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 is attached.

ALTERNATIVES

1. Recommend acceptance of the Audit Report for the fiscal year ended June 30, 2016, as requested.
2. Recommend acceptance of the Audit Report for the fiscal year ended June 30, 2016, with modifications.
3. Defer action, pending additional information or further staff analysis.

CAC POSITION

The CAC considered this item at its October 26, 2016 meeting and unanimously adopted a motion of support for the staff recommendation.

FINANCIAL IMPACTS

Expenditures did not exceed the amounts approved in the agency-wide amended Fiscal Year 2015/16 budget and there are no impacts to the Transportation Authority's adopted Fiscal Year 2016/17 budget associated with the recommended action.

RECOMMENDATION

Recommend acceptance of the Audit Report for the fiscal year ended June 30, 2016.

Attachment:

1. Audit Report for the Year Ended June 30, 2016

**SAN FRANCISCO COUNTY
TRANSPORTATION AUTHORITY**

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

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For the Year Ended June 30, 2016

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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, 2016, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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 Transportation Authority, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Transportation Authority adopted the following new accounting pronouncements: GASB Statement No. 72, Fair Value Measurement and Application; GASB Statement No. 76, *The hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No.73*. Our opinion is not modified with respect to this matter.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress and employer contributions for other postemployment benefits, budgetary comparison schedules, schedule of the proportionate share of the net pension liability and schedule of pension contributions 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, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 October 20, 2016 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 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.

Vavrinck, Trinc, Day & Co. LLP

Palo Alto, California
October 20, 2016

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Management's Discussion and Analysis

For the Year Ended June 30, 2016

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, 2016. 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 and deferred inflows of the Transportation Authority's governmental activities exceeded its assets and deferred outflows at the close of fiscal year 2015-16 by \$62.7 million. Of the net position, \$2.2 million was for net investment in capital assets, \$15.7 million was restricted for capital projects, and a negative balance of \$80.6 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, vehicle registration fee for transportation improvements program funds, and Treasure Island Mobility Management Agency. The reporting of the Revolving Credit Agreement, 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 decreased by \$45.8 million as compared to the prior year due to an increase in transportation and capital project expenses as compared to the prior year. Other non-cash assets (assets other than cash, deposits, and investments) decreased by \$2.5 million as compared to the prior year.
- The Transportation Authority's total net position decreased \$41.6 million during the year ended June 30, 2016, as compared to an increase of \$16.2 million in the prior year.
- Sales tax revenues increased by \$1.9 million from the prior year. Investment income decreased by \$80 thousand, mainly due to the lower average balance in the City and County of San Francisco Treasury Pool. Transportation and capital projects expenses increased by \$115.9 million during the year ended June 30, 2016 largely due to a one-time milestone payment of \$95.4 million at substantial completion of construction activities for the Presidio Parkway project. The remaining balance is due to a combination of increased activities for the Transbay Transit Center and San Francisco Municipal Railway's Motor Coach Replacement Projects, and decreased construction activities for the Interstate 80/Yerba Buena Island Interchange Improvement Project and Yerba Buena Bridge Structures (collectively known as the YBI Project) as compared to prior year.
- The Transportation Authority had positive governmental fund balances of \$40.4 million. Of this amount, \$82 thousand is nonspendable for prepaid costs and deposits, \$32.9 million is restricted for the capital projects in the Sales Tax Program, \$395 thousand for the capital projects in the Transportation Fund for Clean Air Program and \$7.0 million for capital projects in the Vehicle Registration Fee for Transportation Improvements Program. The Transportation Authority's governmental funds balances decreased by \$67.6 million in comparison with the prior year.
- In June 2015, the Transportation Authority substituted its commercial paper notes with a \$140 million tax-exempt, three-year Revolving Credit Agreement. As of June 30, 2016, \$114.7 million of the Revolving Credit balance was outstanding at an interest rate of 0.620%.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Management's Discussion and Analysis

For the Year Ended June 30, 2016

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 deferred outflows and liabilities and deferred inflows, 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, deferred outflows/inflows of resources, 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 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.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2016

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 five 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, (D) Vehicle Registration Fee for Transportation Improvements Program, and (E) Treasure Island Mobility Management Agency. 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

For the Year Ended June 30, 2016

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, net pension liability and employer contribution schedules are also presented as RSI.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Transportation Authority's statement of net position shows liabilities and deferred inflows exceeded its assets and deferred outflows by \$62.7 million at June 30, 2016. Cash, deposits and investments decreased by \$45.8 million overall due to transportation and capital project expenses increased \$115.9 million over the prior year. The other assets and deferred outflow category decreased by \$2.2 million as compared to the prior year. Other assets mainly include \$18.7 million in sales tax receivables, \$25.0 million in outstanding program and other receivables (including amounts due from the City and County of San Francisco) and \$2.9 million in intergovernmental loan, which includes accrued interest.

Table 2
Statement of Net Position (in thousands)

	June 30, 2016	June 30, 2015	\$ Change	% Change
Assets and deferred outflows:				
Cash, deposits, and investments	\$ 37,190	\$ 83,008	\$ (45,818)	-55.2%
Other assets and deferred outflows	51,957	54,178	(2,221)	-4.1%
Capital assets	2,224	2,519	(295)	-11.7%
Total assets and deferred outflows	<u>91,371</u>	<u>139,705</u>	<u>(48,334)</u>	-34.6%
Liabilities and deferred inflows:				
Current, other liabilities, and deferred inflows	<u>154,051</u>	<u>160,749</u>	<u>(6,698)</u>	-4.2%
Net Position:				
Net investment in capital assets	2,224	2,519	(295)	-11.7%
Restricted for capital projects	15,657	13,486	2,171	16.1%
Unrestricted deficit	<u>(80,561)</u>	<u>(37,049)</u>	<u>(43,512)</u>	-117.4%
Total net position	<u>\$ (62,680)</u>	<u>\$ (21,044)</u>	<u>\$ (41,636)</u>	-197.9%

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Management's Discussion and Analysis

For the Year Ended June 30, 2016

The Transportation Authority's unrestricted deficit of \$80.6 million is due to the Revolving Credit Agreement, which will be eliminated with future sales tax revenues. The Transportation Authority's outstanding commitments are described in Note 14 of the basic financial statements. The \$2.2 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 (e.g. Revolving Credit Agreement) of the Transportation Authority.

Table 3
Statement of Activities (in thousands)

	For the Year Ended		\$ Change	% Change
	June 30, 2016	June 30, 2015		
Revenues:				
General:				
Sales tax	\$ 102,137	\$ 100,279	\$ 1,858	1.9%
Vehicle registration fee	5,362	4,862	500	10.3%
Investment income	383	463	(80)	-17.3%
Other	221	315	(94)	-29.8%
Program operating grants and contributions	97,263	42,080	55,183	131.1%
Total revenues	205,366	147,999	57,367	38.8%
Expenses:				
Transportation and capital projects	246,208	130,290	115,918	89.0%
Interest	794	1,468	(674)	-45.9%
Total expenses	247,002	131,758	115,244	87.5%
Change in net position	(41,636)	16,241	(57,877)	-356.4%
Net position, beginning of year	(21,044)	(37,285)	16,241	43.6%
Net position, end of year	\$ (62,680)	\$ (21,044)	\$ (41,636)	-197.9%

The Transportation Authority's net position decreased \$41.6 million for the year ended June 30, 2016. During the period, sales tax revenues increased by \$1.9 million or 1.9% as compared to the prior year. Investment income decreased by \$80 thousand due to the lower average balance in the City and County of San Francisco Treasury Pool. Program revenues increased by \$55.2 million due the one-time revenue receipt of \$75 million for the substantial completion of construction activities for the Presidio Parkway project from the Golden Gate Bridge, Highway and Transportation District and a decrease of federal and state reimbursements for the YBI Project. Transportation and capital projects expenses increased by \$115.9 million largely due to the one-time milestone payment in the amount of \$95.4 million for Presidio Parkway project to the California Department of Transportation. The remaining balance is due to a combination of increased activities for the Transbay Transit Center and the San Francisco Municipal Railway's Motor Coach Replacement Projects and decreased construction activities for the YBI Project.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2016

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, 2016					Total	June 30, 2015	\$ Change	% Change
	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				
Assets:									
Cash, deposits, & investments	\$ 24,449	\$ -	\$ 942	\$ 11,799	\$ -	\$ 37,190	\$ 83,008	\$ (45,818)	-55.20%
Other assets	39,488	21,709	772	914	1,055	63,938	62,185	1,753	2.82%
Total assets	\$ 63,937	\$ 21,709	\$ 1,714	\$ 12,713	\$ 1,055	\$ 101,128	\$ 145,193	\$ (44,065)	-30.35%
Liabilities:									
Current and other liabilities	\$ 26,450	\$ 14,157	\$ 915	\$ 5,736	\$ 727	\$ 47,985	\$ 30,200	\$ 17,785	58.89%
Deferred inflows of resources:									
Unavailable program revenue	4,476	7,552	404	-	328	12,760	6,982	5,778	82.76%
Fund balances (deficits):									
Nonspendable	82	-	-	-	-	82	137	(55)	-40.15%
Restricted									
Capital projects	32,929	-	395	6,977	-	40,301	107,874	(67,573)	-62.64%
Total fund balances	33,011	-	395	6,977	-	40,383	108,011	(67,628)	-62.61%
Total Liabilities, Deferred Inflows of Resources, and Fund Balances									
	\$ 63,937	\$ 21,709	\$ 1,714	\$ 12,713	\$ 1,055	\$ 101,128	\$ 145,193	\$ (44,065)	-30.35%

At June 30, 2016, the Transportation Authority's governmental funds reported combined ending fund balances of \$40.4 million, a decrease of \$67.6 million as compared to the prior year. The total fund balances are composed of a balance of \$82 thousand nonspendable for prepaid costs and deposits and a balance of \$40.3 million restricted for the capital projects.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2016

Table 5
Statement of Revenues, Expenditures, and Changes in Fund Balances (in thousands)

	For the Year Ended June 30, 2016						Total	Year Ended June 30, 2015	\$ Change	% Change
	Sales Tax Program	Congestion Management Agency Programs	Transportation Fund For Clean Air Program	Vehicle Registration Fee For Transportation Improvements Program	Treasure Island Mobility Agency					
Revenues:										
Sales tax	\$ 99,528	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,528	\$ 100,279	\$ (751)	-0.7%
Vehicle registration fee	-	-	-	5,362	-	-	5,362	4,862	500	10.3%
Investment income	377	-	2	4	-	-	383	463	(80)	-17.3%
Program revenues	75,072	17,233	750	-	1,037	-	94,092	43,577	50,515	115.9%
Other	34	51	-	-	-	-	85	179	(94)	-52.5%
Total revenues	175,011	17,284	752	5,366	1,037	-	199,450	149,360	50,090	33.5%
Expenditures:										
Transportation and capital projects	215,775	22,543	1,465	5,700	801	-	246,284	130,153	116,131	89.2%
Debt service	20,794	-	-	-	-	-	20,794	1,468	19,326	1316.5%
Total expenditures	236,569	22,543	1,465	5,700	801	-	267,078	131,621	135,457	102.9%
Excess (deficiency) of revenues over (under) expenditures	(61,558)	(5,259)	(713)	(334)	236	-	(67,628)	17,739	(85,367)	-481.2%
Other financing sources (uses):										
Transfers in	236	5,259	-	-	-	-	5,495	1,300	4,195	322.7%
Transfers out	(5,259)	-	-	-	(236)	-	(5,495)	(1,300)	(4,195)	322.7%
Proceeds from revolving credit agreement	-	-	-	-	-	-	-	134,664	(134,664)	-100.0%
Total other financing sources (uses)	(5,023)	5,259	-	-	(236)	-	-	134,664	(134,664)	-100.0%
Net change in fund balances	(66,581)	-	(713)	(334)	-	-	(67,628)	152,403	(220,031)	-144.4%
Fund balances, beginning of year	99,592	-	1,108	7,311	-	-	108,011	(44,392)	152,403	-343.3%
Fund balances, end of year	\$ 33,011	\$ -	\$ 395	\$ 6,977	\$ -	\$ -	\$ 40,383	\$ 108,011	\$ (67,628)	-62.6%

Total revenues for the Transportation Authority's activities totaled \$199.5 million in fiscal year 2015-16, an increase of \$50.1 million from fiscal year 2014-15. As compared to the prior year, sales tax revenues decreased by \$751 thousand primarily due to a change in the revenue recognition period from 90 days to 60 days after fiscal year end. There is no issue with the availability of these revenues, only the fiscal year of when these revenues are accounted for. Investment income decreased by \$80 thousand due to the lower average balance in the City and County of San Francisco Treasury Pool. Program revenues increased by \$50.5 million due to a combination of the one-time milestone revenue received from the Golden Gate Bridge, Highway and Transportation District for the Presidio Parkway project and a decrease of federal and state reimbursements for the YBI Project. Expenditures for the Transportation Authority's activities totaled \$267.1 million, an increase of \$135.5 million from fiscal year 2014-15. For the year ended June 30, 2016, expenditures for governmental funds exceeded revenues by \$67.6 million. Other aspects of the individual program activities are discussed in the government-wide analysis above.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Management's Discussion and Analysis

For the Year Ended June 30, 2016

BUDGETARY ANALYSIS AND HIGHLIGHTS AND ECONOMIC FACTORS

The Transportation Authority's final budgetary fund balances decreased from the original budget by \$27.0 million. The majority of the variance is due to anticipated increase in transportation and capital projects expenditures for San Francisco Municipal Railway's Motor Coach Replacement Projects.

In addition, actual revenues and transfers in were less than the final budgetary estimates by \$15.1 million mainly due to lower program revenues from the YBI project and change in the revenue recognition period from 90 days to 60 days after fiscal year end. There is no issue with the availability of these revenues, only the fiscal year of when these revenues are accounted for, and it does not affect the viability of the projects or grants. Actual expenditures and transfers out were less than budgetary estimates by \$32.7 million. This amount includes a positive favorable variance of \$27.3 million in capital project costs. 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 fiscal year 2015-16, their practice of billing other sources (e.g. bonds, federal funds) first, and project delays often associated with the coordination with other agencies. Additional information on the Transportation Authority's budgetary comparison schedules for all programs can be found on pages 48 through 53 of this report.

CAPITAL ASSETS

The Transportation Authority's investment in capital assets as of June 30, 2016, amounted to \$2.2 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 33 of this report.

REVOLVING CREDIT AGREEMENT

On June 11, 2015, the Transportation Authority substituted its \$200,000,000 commercial paper notes (Limited Tax Bonds), Series A and B with a three-year \$140,000,000, tax-exempt, Revolving Credit Agreement. In the month of December 2015, Fitch Ratings reaffirmed issuer ratings for the Transportation Authority with "AA+." The Revolving Credit Agreement will be repaid from sales tax revenues. As of June 30, 2016, the Transportation Authority has \$114.7 million of the Revolving Credit balance outstanding. Additional information on the Transportation Authority's Revolving Credit Agreement can be found in Note 7 on page 36 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

June 30, 2016

ASSETS

Cash in bank	\$ 15,122,611
Deposits and investments with City Treasurer	22,067,164
Sales tax receivable	18,693,084
Vehicle registration fee receivable	913,617
Interest receivable from City and County of San Francisco	56,705
Program receivables	24,554,615
Receivable from the City and County of San Francisco	423,710
Other receivables	3,471,689
Intergovernmental loan receivable	2,894,083
Prepaid costs and deposits	81,580
Net OPEB asset	5,813
Capital assets, net of accumulated depreciation	2,224,413
Total Assets	<u>90,509,084</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows from pension activities	<u>861,256</u>
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LIABILITIES

Accounts payable	15,226,017
Accounts payable to the City and County of San Francisco	19,741,058
Accrued salaries and taxes	167,564
Revolving credit agreement	114,664,165
Unearned rent abatement	801,994
Unearned leasehold incentive	1,220,663
Accrued compensated absences	492,106
Net pension liability	1,288,393
Total Liabilities	<u>153,601,960</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows from pension activities	<u>448,612</u>
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NET POSITION

Net investment in capital assets	2,224,413
Restricted by enabling legislation for capital projects	15,656,533
Unrestricted deficit	(80,561,178)
Total Net Position	<u>\$ (62,680,232)</u>

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

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Statement of Activities

For the Year Ended June 30, 2016

	<u>Total</u>	<u>Transportation and Capital Projects</u>	<u>Interest</u>
EXPENSES	\$ 247,001,904	\$ 246,207,732	\$ 794,172
PROGRAM REVENUES			
Operating grants and contributions	97,263,152	97,263,152	-
Net program expense	<u>(149,738,752)</u>	<u>\$ (148,944,580)</u>	<u>\$ (794,172)</u>
GENERAL REVENUES			
Sales tax	102,136,600		
Vehicle registration fee	5,362,050		
Investment income	383,456		
Other	220,688		
Total general revenues	<u>108,102,794</u>		
CHANGE IN NET POSITION	(41,635,958)		
Net position, beginning of year	<u>(21,044,274)</u>		
Net position, end of year	<u>\$ (62,680,232)</u>		

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

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Governmental Funds Balance Sheet

June 30, 2016

	Sales Tax Program	Congestion Management Agency Programs	Transportation Fund for Clean Air Program
ASSETS			
Cash in bank	\$ 2,381,592	\$ -	\$ 941,747
Deposits and investments with the City			
Treasurer	22,067,164	-	-
Sales tax receivable	18,693,084	-	-
Vehicle registration fee receivable	-	-	-
Interest receivable from the City & County of San Francisco	56,705	-	-
Program receivables			
Federal	-	19,065,829	-
State	-	2,085,188	-
Regional and other	1,441,649	261,698	772,398
Receivables from the City & County of San Francisco	-	296,452	-
Other receivables	3,471,689	-	-
Intergovernmental loan receivable	2,894,083	-	-
Due from other funds	12,849,860	-	-
Prepaid costs and deposits	81,580	-	-
Total Assets	\$ 63,937,406	\$ 21,709,167	\$ 1,714,145
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 12,206,490	\$ 2,526,535	\$ -
Accounts payable to the City & County of San Francisco	14,075,666	73,454	494,904
Accrued salaries and taxes	167,564	-	-
Due to other funds	-	11,557,034	420,543
Total liabilities	26,449,720	14,157,023	915,447
Deferred Inflows of Resources			
Unavailable program revenues	4,476,439	7,552,144	404,332
Total deferred inflows of resources	4,476,439	7,552,144	404,332
Fund Balances			
Nonspendable	81,580	-	-
Restricted for capital projects	32,929,667	-	394,366
Total Fund Balances	33,011,247	-	394,366
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 63,937,406	\$ 21,709,167	\$ 1,714,145

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

Vehicle Registration Fee for Transportation Improvements Program	Treasure Island Mobility Management Agency	Total Governmental Funds
\$ 11,799,272	\$ -	\$ 15,122,611
-	-	22,067,164
-	-	18,693,084
913,617	-	913,617
-	-	56,705
-	305,111	19,370,940
-	-	2,085,188
-	622,742	3,098,487
-	127,258	423,710
-	-	3,471,689
-	-	2,894,083
-	-	12,849,860
-	-	81,580
<u>\$ 12,712,889</u>	<u>\$ 1,055,111</u>	<u>\$ 101,128,718</u>
\$ 371,099	\$ 121,893	\$ 15,226,017
5,097,034	-	19,741,058
-	-	167,564
267,434	604,849	12,849,860
<u>5,735,567</u>	<u>726,742</u>	<u>47,984,499</u>
-	328,369	12,761,284
-	328,369	12,761,284
-	-	81,580
6,977,322	-	40,301,355
<u>6,977,322</u>	<u>-</u>	<u>40,382,935</u>
<u>\$ 12,712,889</u>	<u>\$ 1,055,111</u>	<u>\$ 101,128,718</u>

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
 Reconciliation of the Governmental Funds
 Balance Sheet to the
 Statement of Net Position
 June 30, 2016

Amounts reported for governmental activities in the statement of net position are different because of the following items:

Total fund balances on the governmental funds balance sheet:	\$	40,382,935
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		2,224,413
Long-term receivables are not available to pay for current period expenditures and therefore are deferred in the governmental funds:		
Program receivables		10,152,800
Sales tax receivable		2,608,484
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:		
Revolving credit agreement		(114,664,165)
Unearned leasehold incentive		(1,220,663)
Unearned rent abatement		(801,994)
Accrued compensated absences		(492,106)
Net OPEB asset		5,813
Net pension liability and deferred inflows or outflows related to pension		(875,749)
Net position of governmental activities	\$	<u>(62,680,232)</u>

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

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
 Governmental Funds
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances
 For the Year Ended June 30, 2016

	Sales Tax Program	Congestion Management Agency Programs	Transportation Fund for Clean Air Program
REVENUES			
Sales tax	\$ 99,528,116	\$ -	\$ -
Vehicle registration fee	-	-	-
Investment income	377,025	-	2,379
Program revenues			
Federal	-	14,161,616	-
State	-	1,508,642	-
Regional and other	75,071,666	1,562,770	749,885
Other revenues	33,940	51,119	-
Total Revenues	175,010,747	17,284,147	752,264
EXPENDITURES			
Current - transportation and capital projects			
Personnel expenditures	2,908,112	1,892,350	40,131
Non-personnel expenditures	2,098,988	55,247	-
Capital project costs	210,715,336	20,595,629	1,425,271
Capital outlay	51,852	-	-
Debt service			
Principal	20,000,000	-	-
Interest and fiscal charges	794,172	-	-
Total Expenditures	236,568,460	22,543,226	1,465,402
Excess (Deficiency) of Revenues Over (Under) Expenditures	(61,557,713)	(5,259,079)	(713,138)
OTHER FINANCING SOURCES (USES)			
Transfers in	235,887	5,259,079	-
Transfers out	(5,259,079)	-	-
Total Other Financing Sources (Uses)	(5,023,192)	5,259,079	-
NET CHANGE IN FUND BALANCES	(66,580,905)	-	(713,138)
Fund Balances - Beginning	99,592,152	-	1,107,504
Fund Balances - Ending	\$ 33,011,247	\$ -	\$ 394,366

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

Vehicle Registration Fee for Transportation Improvements Program	Treasure Island Mobility Management Agency	Total Governmental Funds
\$ -	\$ -	\$ 99,528,116
5,362,050	-	5,362,050
4,052	-	383,456
-	114,072	14,275,688
-	-	1,508,642
-	922,637	78,306,958
-	-	85,059
<u>5,366,102</u>	<u>1,036,709</u>	<u>199,449,969</u>
184,559	296,034	5,321,186
82	21,502	2,175,819
5,515,530	483,286	238,735,052
-	-	51,852
-	-	20,000,000
-	-	794,172
<u>5,700,171</u>	<u>800,822</u>	<u>267,078,081</u>
<u>(334,069)</u>	<u>235,887</u>	<u>(67,628,112)</u>
-	-	5,494,966
-	(235,887)	(5,494,966)
-	(235,887)	-
(334,069)	-	(67,628,112)
7,311,391	-	108,011,047
<u>\$ 6,977,322</u>	<u>\$ -</u>	<u>\$ 40,382,935</u>

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
 Reconciliation of the Governmental Funds Statement of
 Revenues, Expenditures, and Change in Fund Balances
 to the Statement of Activities
 For the Year Ended June 30, 2016

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

Net change in fund balances on the governmental funds statement of revenues, expenditures and changes in fund balances:	\$ (67,628,112)
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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, net position increases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year:

Capital asset additions	51,852
Depreciation expense	(346,019)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds statements:

Amortization in leasehold incentive	135,629
Change in deferred inflows related to unavailable revenues	5,780,348

Payments of the revolving credit agreement are not an expense on the statement of activities but are an expenditure in the governmental funds:

	20,000,000
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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	(33,260)
Pension expenses	388,165
Compensated absences	9,626
Other post employment benefits	5,813

Change in net position of governmental activities	<u>\$ (41,635,958)</u>
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The accompanying notes are an integral part of these financial statements.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
Owner-Controlled Insurance Program Fund
Statement of Fiduciary Net Position
June 30, 2016

ASSETS

Deposits with escrow agent	\$ 356,148
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LIABILITIES

Due to City and County of San Francisco	\$ 356,148
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The accompanying notes are an integral part of these financial statements.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Financial Statements

June 30, 2016

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, 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 San Francisco County Transportation Expenditure Plan. The Transportation Authority's borrowing capacity is separate and distinct from that of the City.

Component units are legally separate organizations for which the Transportation Authority is financially accountable. Component units may include organizations that are fiscally dependent on the Transportation Authority in that the Transportation Authority approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the Transportation Authority is not financially accountable but the nature and significance of the organization's relationship with the Transportation Authority is such that exclusion would cause the Transportation Authority's financial statements to be misleading or incomplete. For financial reporting purposes, the Treasure Island Mobility Management Authority (TIMMA) has a financial and operational relationship which meets the criteria set forth in accounting principles generally accepted in the United States of America for inclusion in the financial statements as a component unit, using the blended presentation method, as if it were part of the Transportation Authority's operations, because the governing board of the component unit is the same as the governing board of the Transportation Authority, and management has operational responsibility for the entity.

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 the City's transportation system. On November 4, 2003, 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).

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Financial Statements

June 30, 2016

NOTE 1 - REPORTING ENTITY AND BACKGROUND, (Continued)

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.

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:

Interstate-80/Yerba Buena Island Interchange Improvement Project and Yerba Buena Bridge Structures (collectively known as the YBI 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 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. The scope of the YBI Project includes two major components: 1) the YBI Ramps Improvement Project (Ramps Project), which includes constructing new westbound on and off ramps (on the east side of YBI) to the new Eastern Span of the San Francisco-Oakland Bay Bridge (SFOBB); and 2) seismic retrofit of the existing YBI West Side Bridges Project on the west side of the island, a critical component of island traffic circulation leading to and from the SFOBB.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Financial Statements

June 30, 2016

NOTE 1 - REPORTING ENTITY AND BACKGROUND, (Continued)

YBI Ramps 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 and awarded a construction contract to Golden State Bridge Inc. in December 2013. Construction activities started in January 2014 and are approximately 87% complete as of June 30, 2016.

YBI West Side Bridges Project: These bridge structures are a vital component of the YBI traffic circulation system and also serve as an important part of the on and off-ramp system to I-80 and the SFOBB. Seismic Strategy Reports for all eight-bridge structures were approved by the Caltrans Structures Department in December 2011. The approved reports indicated that five of the bridge structures should be retrofitted in place while three of the bridge structures were recommended for replacement. Separate environmental documents, Categorical Exclusions per the National Environmental Policy Act and Categorical Exemptions per the California Environmental Quality Act for each of the eight bridges were approved in December 2012. As part of continued preliminary engineering and design efforts and as required by federal funding, the Transportation Authority prepared a Value Engineering Analysis (VA) Report, which was approved by Caltrans in November 2014. The VA Report made various recommendations to reduce overall project risk and cost. The recommended VA Report Alternative estimated at \$66 million will save approximately \$9 million compared to the environmentally approved alternative estimated at \$75 million and will also improve seismic performance, simplify construction efforts, minimize maintenance cost. Additional preliminary engineering and environmental analysis is continuing; preliminary design efforts are approximately 30% complete. All work necessary to prepare the required technical analysis is being performed in accordance with current Caltrans and Federal Highway Administration policies and procedures.

eFleet Carsharing Electrified: As part of its Climate Innovation Grants Program, the MTC awarded the Transportation Authority federal congestion mitigation and air quality grant funds for eFleet: Car Sharing Electrified Project, under which City CarShare, a Bay Area non-profit organization, will deploy a fleet of electric vehicles within the City and County of San Francisco and the City of Berkeley, with supportive infrastructure and operations. Through this project, City CarShare will make electric vehicles accessible to a large number of Bay Area residents and businesses, achieve confidence in the technology, and test and confirm the efficacy in highly utilized car sharing and municipal fleet environments. The Transportation Authority serves as a fiscal agent to support City CarShare in meeting the requirements and obligations associated with the use of federal funds and provide administrative support.

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.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Financial Statements

June 30, 2016

NOTE 1 - REPORTING ENTITY AND BACKGROUND, (Continued)

Proposition AA Administrator of County Vehicle Registration Fee

On November 2, 2010, San Francisco voters approved Proposition 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 San Francisco County Transportation Expenditure Plan. Revenue collection began in May 2011.

Proposition 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 Proposition 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 Proposition AA program is a pay-as-you-go program.

Treasure Island Mobility Management Agency (TIMMA) Component Unit

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 September 2014, Governor Brown signed Assembly Bill 141, establishing TIMMA as a legal entity distinct from the Transportation Authority to help firewall the Transportation Authority's other functions. The eleven members of the Transportation Authority Board act as the Board of Commissioners for TIMMA. The Transportation Authority financial statements include TIMMA as a blended special revenue component unit.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Financial Statements

June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 five programs; *Sales Tax Program*; *Congestion Management Agency Programs*; *Transportation Fund for Clean Air Program*; *Vehicle Registration Fee for Transportation Improvements Program*; and *Treasure Island Mobility Management Agency* as major funds.

The Transportation Authority uses the following funds:

Sales Tax Program General Fund – The Sales Tax Program General Fund accounts for the one-half of one percent sales tax revenues required by the November 2003 Proposition K. These revenues are for restricted expenditures in support of the Expenditure Plan, which includes investments in four major categories: 1) Transit; 2) Streets and Traffic Safety; 3) Paratransit services for seniors and disabled people; and 4) Transportation System Management/Strategic Initiatives. This fund also accounts for the general administration of the Transportation Authority functions in support of the Proposition K Expenditure Plan. The major source of revenue for this fund is the Sales Tax.

Special Revenue Funds – Special Revenue Funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Congestion Management Agency Programs – The Congestion Management Agency Fund accounts for resources accumulated and payments made for developing a congestion management program and construction of major capital improvements in accordance with the San Francisco County Transportation Expenditure Plan. Major sources of revenue are federal, state and regional grants.

Transportation Fund for Clean Air Program – San Francisco has a \$4 per vehicle registration fee to support projects of the BAAQMD. Of the total collections, BAAQMD passes 40% of the proceeds to the Transportation Authority. Through this program, the Transportation Authority recommends projects that benefit air quality by reducing motor vehicle emissions. The Transportation Fund for Clean Air accounts for this activity. The major source of revenue for this fund is \$4 vehicle registration fees on automobiles registered in the Bay Area.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Financial Statements

June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Vehicle Registration Fee for Transportation Improvements Program Fund – This fund accounts for the November 2010, Proposition AA Vehicle Registration Fee (VRF) for Transportation Improvements Program. Collection of the \$10 per year, per vehicle registration fee started in the first week of May 2011. The VRF proceeds are used to fund transportation projects identified in the Proposition AA Expenditure Plan. The major source of revenue for this fund is vehicle registration fees.

Treasure Island Mobility Management Agency Fund – 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 TIMMA to implement the Treasure Island Transportation Implementation Plan in support of the Treasure Island/Yerba Buena Island Development Project. In September 2014, Governor Brown signed Assembly Bill 141, establishing TIMMA as a legal entity distinct from the Transportation Authority to help firewall the Transportation Authority’s other functions. The major sources of revenue are federal, state, and regional grants.

Fiduciary Fund – Fiduciary or agency funds are trust funds used to account for the assets held by the Transportation Authority under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Transportation Authority’s programs. The Transportation Authority’s fiduciary fund is an agency fund which accounts 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.

The Transportation Authority does not retain ownership of the assets produced in relation to capital improvements to which it provides funding. Capital improvements are recorded on the financial statements of the managing agency during construction and upon completion.

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 recognized as revenues when their receipt occurs within 60 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. Capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and capital leases are reported as other financing sources.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Financial Statements

June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

During the year ended June 30, 2016, the Transportation Authority adopted a new revenue recognition policy, and changed the availability period from 90 days to 60 days. The new policy more closely reflects the use of current resources to pay liabilities of the current period. The change in application of accounting principles resulted in a reduction in revenues by \$2.9 million in the Congestion Management Agency Programs Fund, for the year ended June 30, 2016. These revenues will be recognized in the year ended June 30, 2017.

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 exhaust the most restricted cost-reimbursement grant resources to such programs.

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.

Investment Valuations

The Transportation Authority recognizes the fair value measurement of its investments on a recurring basis, based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Transportation Authority's investments in the City and County of San Francisco Investment Pool are uncategorized because deposits to and from the pool are made on the basis of \$1 and not at fair value.

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 on the fund level financial statements.

Sales tax receivables on the fund level financial statements represent sales tax receipts in the 60 days subsequent to the Transportation Authority's fiscal year-end relating to the prior year's sales activity. Additional amounts are accrued for on the entity-wide financial statements representing fourth quarter adjustments from the Board of Equalization. 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.

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.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Financial Statements

June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Vehicle registration fees receivables represent vehicle registration fee receipts in the 60 days 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.

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.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Transportation Authority's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2016, the Transportation Authority recognized a compensated absences liability in the amount of \$492,106 and during the year ended June 30, 2016, the Transportation Authority paid \$370,173, and accrued \$360,547 in compensated absences.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Financial Statements

June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

New Accounting Principles

GASB Statement No. 72 – In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. The primary objective of this statement is to define fair value and describe how fair value should be measured, define what assets and liabilities should be measured at fair value, and determine what information about fair value should be disclosed in the notes to the financial statements. The Statement is effective for periods beginning after June 15, 2015, or the fiscal year 2015-16. The Transportation Authority has implemented the provisions of this statement as of June 30, 2016.

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria. The requirements of the Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, or fiscal year 2016-17. The Transportation Authority has not determined the effect of the statement.

GASB Statement No. 74 – In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of the Statement is to address the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated. The Statement is effective for periods beginning after June 15, 2016, or the fiscal year 2016-17. The pronouncement is applicable to OPEB plans.

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The objective of the Statement is to replace the requirements of GASB Statement No. 45. In addition, the Statement requires governments to report a liability on the face of the financial statements for the OPEB provided and requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. The Statement is effective for the periods beginning June 15, 2017, or the fiscal year 2017-18. The Transportation Authority has not determined the effect of the statement.

GASB Statement No. 76 – In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The Transportation Authority has implemented the provisions of this Statement as of June 30, 2016.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Financial Statements

June 30, 2016

NOTE 2 - SUMMARY OF SIGIFICANT ACCOUNTING POLICIES, (Continued)

GASB Statement No. 77 – In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. The Statement requires state and local governments to disclose information about tax abatement agreements. The Statement is effective for the periods beginning after December 15, 2015, or the fiscal year 2016-17. The Transportation Authority has not determined the effect of the statement.

GASB Statement No. 78 – In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address certain pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The provisions of this statement are effective for the Transportation Authority for fiscal year ending June 30, 2016. This statement did not have an impact on the Transportation Authority's financial statements.

GASB Statement No. 79 – In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The Statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The Statement establishes additional note disclosure requirements for qualifying external investment pools that require measurement of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Both the qualifying external investment pools and their participants are required to disclose information about any limitations or restrictions on participant withdrawals. The Statement is effective for the periods beginning after June 15, 2015, or the fiscal year 2016-17, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. The Transportation Authority has not determined the effect of the statement.

GASB Statement No. 80 – In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of the Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The Statement is effective for the reporting periods beginning after June 15, 2016, or the fiscal year 2016-17. The Transportation Authority has not determined the effect of the statement.

GASB Statement No. 81 – In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of the Statement is to improve financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, the Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. The Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The Statement is effective for the reporting periods beginning after December 15, 2016, or the fiscal year 2017-18. The Transportation Authority has not determined the effect of the statement.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Financial Statements

June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

GASB Statement No. 82 – In March 2016, the GASB issued Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Transportation Authority elected early implementation of the provisions of this Statement as of June 30, 2016, and there was no impact to its financial statements.

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.”

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, 2016, 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.

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.

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 Financial Statements

June 30, 2016

NOTE 3 - CASH AND INVESTMENTS*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, 2016, the carrying amount of the Transportation Authority's deposits was \$15,122,611 and the bank balance was \$14,944,445. The difference between the bank balance and the carrying amount represents outstanding checks and deposits. Of the bank balance, \$750,000 was covered by federal depository insurance and \$14,194,445 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.

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, 2016, the Transportation Authority's investments are not exposed to custodial credit risk. The notes to the basic financial statements of the City provide more detailed information concerning deposit and investment risks associated with the City's pool of cash and investments at June 30, 2016.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Financial Statements

June 30, 2016

NOTE 3 - CASH AND INVESTMENTS, (Continued)

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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Notes, Bonds, or Bills	5 Years	None	None
U.S. Treasury Obligations	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%

** More restrictive than California Government Code.

The Transportation Authority maintains deposits and investments with the City and County of San Francisco Treasury Pool (Pool). As of June 30, 2016, the Transportation Authority's deposits and investments in the Pool are approximately \$22.1 million, and the total amount invested by all public agencies in the Pool is approximately \$7.8 billion. 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.

The Transportation Authority's investments at June 30, 2016 consisted of Pooled cash with the City and County of San Francisco having weighted average maturity of 1.02 years. At June 30, 2016, 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, California 94102.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Financial Statements

June 30, 2016

NOTE 4 - INTERFUND TRANSACTIONS

Due to/Due from

The composition of interfund balances as of June 30, 2016, is as follows:

	Payable to:				Total
	Congestion Management Agency Programs	Transportation Fund for Clean Air Program	Vehicle Registration Fee for Transportation Improvements Program	Treasure Island Mobility Management Agency	
<u>Receivable from:</u>					
Sales Tax Program	\$ 11,557,034	\$ 420,543	\$ 267,434	\$ 604,849	\$ 12,849,860

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.

Transfers

During the fiscal year, the CMA Programs received a transfer of \$5,259,079 from Sales Tax Program to subsidize payments made during the fiscal year. The Sales Tax Program also received \$235,887 from TIMMA which is a reimbursement for unpaid subsidies.

NOTE 5 - CAPITAL ASSETS

The capital asset activity for the year ended June 30, 2016, is as follows:

	Balance July 1, 2015	Additions	Retirement	Balance June 30, 2016
Capital assets, being depreciated:				
Leasehold improvements	\$ 3,023,624	\$ -	\$ -	\$ 3,023,624
Furniture and equipment	961,989	51,852	(123,088)	890,753
Total capital assets, being depreciated	<u>3,985,613</u>	<u>51,852</u>	<u>(123,088)</u>	<u>3,914,377</u>
Less accumulated depreciation for:				
Leasehold improvements	694,626	232,899	-	927,525
Furniture and equipment	772,407	113,120	(123,088)	762,439
Total accumulated depreciation	<u>1,467,033</u>	<u>346,019</u>	<u>(123,088)</u>	<u>1,689,964</u>
Total capital assets, net	<u>\$ 2,518,580</u>	<u>\$ (294,167)</u>	<u>\$ -</u>	<u>\$ 2,224,413</u>

Depreciation expense for the current year amounted to \$346,019, and was allocated to the transportation and capital projects expense on the statement of activities.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Financial Statements

June 30, 2016

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, 2016:

Receivables from the following City Department/Agency	Purpose	Total
Department of Public Works	Better Market Street Environmental Impact Report Travel Demand	\$ 41,634
Municipal Transportation Agency: Municipal Railway	19th Avenue M-Ocean View	3,244
Office of Community Investment & Infrastructure	Folsom Street Off-Ramp Realignment Project	106,886
Office of Economic & Workforce Development	Late Night Transportation	16,787
Planning Department	San Francisco Long-Range Transportation Planning Program	25,512
Public Utilities Commission: Wastewater Enterprise	19th Avenue City-Combined Project	1,835
Water Enterprise	19th Avenue City-Combined Project	7,349
Treasure Island Development Authority	Treasure Island Transportation Implementation Plan	127,258
	Yerba Buena Island Ramps Improvement Project	93,205
Total receivables from the City and County of San Francisco		<u>\$ 423,710</u>

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
Notes to Financial Statements
June 30, 2016

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, 2016:

Payables to the following City Department	Purpose	Total
Department of Environment	Clean Air Programs	\$ 28,431
Department of Public Health	Clean Air Programs	2,288
Department of Public Works	Street Resurfacing	2,182,042
Department of Technology	Board Meeting Boardcast	8,136
Mayor's Office of Housing	Hunters View Transit Connection	460,284
Municipal Transportation Agency:		
Department of Parking & Traffic		
	Bicycle Circulation/Safety	\$ 355,531
	Clean Air Programs	482,378
	New Signals and Signs	326,092
	Pedestrian and Bicycle Facility Maintenance	766
	Pedestrian Circulation/Safety	144,585
	Pedestrian Safety	520,300
	Rapid Bus Network including Real Time Transit Information	4,827
	Signals and Signs	968,687
	Street Repair and Reconstruction	1,650,152
	Traffic Calming	93,569
	Transportation/Land Use Coordination	579,835
	Upgrades to Major Arterials (including 19th Avenue)	43,601
		<u>5,170,323</u>
Municipal Railway		
	Balboa Park BART/MUNI Station Access Improvements	143,417
	Central Subway (Third Street Light Rail Phase 2)	417,549
	Facilities	1,195,310
	Guideways	888,499
	Other Transit Enhancements	186,145
	Rapid Bus Network including Real Time Transit Information	1,427,314
	Signals and Signs	12,497
	Transit Reliability and Mobility Improvements	508,501
	Transportation/Land Use Coordination	225,028
	Vehicles	6,792,073
	Visitacion Valley Watershed Area Projects	6,000
		<u>\$ 11,802,333</u>
	Total Municipal Transportation Agency	16,972,656
Office of Economic & Workforce Development	Workforce Development for Presidio Parkway	17,839
Office of the City Attorney	Legal Services	22,266
Planning Department	19th Avenue Bulbouts	47,116
		<u>47,116</u>
	Total payable to the City and County of San Francisco	<u>\$ 19,741,058</u>

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Financial Statements

June 30, 2016

NOTE 6 - TRANSACTIONS WITH THE CITY AND COUNTY OF SAN FRANCISCO, (Continued)

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, 2016:

<u>Expenditures incurred by the following City Department/Agency</u>	<u>Total</u>
Department of Environment	\$ 70,170
Department of Public Health	2,288
Department of Public Works	7,317,298
Department of Technology	23,952
Health Service System	39,581
Mayor's Office of Housing	725,096
Municipal Transportation Agency-DPT	14,169,412
Municipal Transportation Agency-MUNI	67,904,016
Office of Economic & Workforce Development	31,060
Office of the City Attorney	22,266
Planning Department	47,116
	<u>\$ 90,352,255</u>

During fiscal year 2015-16, the Transportation Authority incurred capital expenditures of \$73.5 million, which were paid to departments within the City, of which \$66.2 million was expended on San Francisco Municipal Transportation Agency projects. San Francisco Municipal Transportation Agency projects include \$60.2 million on Central Subway, Paratransit, Signals and Signs, Rapid Bus Network, Third Street Light Rail, New Hybrid Coaches Replacement and the Central Control and Communication Projects and \$6.0 million on various transit and street maintenance improvements and pedestrian and bicycle projects.

NOTE 7 - REVOLVING CREDIT AGREEMENT

On June 11, 2015, the Transportation Authority substituted its \$200,000,000 commercial paper notes (Limited Tax Bonds), Series A and B with a \$140,000,000 tax-exempt revolving credit agreement (Revolving Credit Agreement). The commercial paper notes provided a source of financing for the Transportation Authority's voter-approved Proposition K Expenditure Plan. The Revolving Credit Agreement expires on June 8, 2018 and has a rate of interest equal to the sum of 70% of 1-month LIBOR plus 0.30%. The interest payments are due the first business day of each month and the outstanding principal payment is required to be paid at the end of the agreement on June 8, 2018. The Revolving Credit Agreement is secured by a first lien gross pledge of the Transportation Authority's sales tax. The Transportation Authority paid \$20,000,000 of the outstanding balance of \$134,664,165 as of July 1, 2015. As of June 30, 2016, \$114,664,165 of the Revolving Credit Agreement balance was outstanding, with an interest rate of 0.620%.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Financial Statements

June 30, 2016

NOTE 8 - PENSION PLANS

General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Transportation Authority's Employee Pension Plan, (the Plan) a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Transportation Authority resolution. CalPERS acts as a common investment and administrative agent for its participating member employers. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Copies of the CalPERS annual financial reports may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, California 95814.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 or 52, depending on hire date, with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. Benefit provisions and all other requirements are established by State statute and may be amended by the Transportation Authority's contract with the employees.

The Plan provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a percent of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	8.51%	6.24%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Transportation Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Financial Statements

June 30, 2016

NOTE 8 - PENSION PLANS, (Continued)

For the year ended June 30, 2016, the contributions were \$280,199.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2016, the Transportation Authority's reported net pension liability for its proportionate shares of the collective net pension liability is \$1,288,393.

The Transportation Authority's net pension liability is measured as the proportionate share of the collective Plan's net pension liability. The net pension liability is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The Transportation Authority's proportion of the net pension liability was based on the Transportation Authority's share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Transportation Authority's proportionate share of the net pension liability as of June 30, 2015 and 2016 was as follows:

Proportion - June 30, 2015	0.04834%
Proportion - June 30, 2016	0.01877%
Change	<u>(0.02957)%</u>

For the year ended June 30, 2016, the Transportation Authority recognized a pension credit of \$107,966. On June 30, 2016, the Transportation Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 280,199	\$ -
Contributions in excess of proportionate share	229,602	-
Changes in assumptions	-	(242,652)
Difference in expected and actual experience	25,648	-
Adjustment due to differences in proportions	325,807	(84,315)
Net differences between projected and actual earnings on plan investments	-	(121,645)
Total	<u>\$ 861,256</u>	<u>\$ (448,612)</u>

Reported as deferred outflows of resources related to contributions subsequent to the measurement date is \$280,199, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2017	\$ 1,577
2018	(220)
2019	(24,403)
2020	155,491
	<u>\$ 132,445</u>

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Financial Statements

June 30, 2016

NOTE 8 - PENSION PLANS, (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions for the collective miscellaneous plans:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry-Age and Service
Investment Rate of Return	7.50% (1)
Mortality	(2)

- (1) Net of pension plan investment and administrative expenses, includes inflation.
- (2) The probabilities of mortality are based on the 2010 CalPERS experience study for the period from 1997 to 2011.

All other actuarial assumptions used in the June 30, 2014, valuation were based on the results of a 2010, actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Change of Assumptions

There was a change in the discount rate assumption from the June 30, 2014 measurement date. GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Financial Statements

June 30, 2016

NOTE 8 - PENSION PLANS, (Continued)

In determining the long-term expected rate of return, CalPERS' staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	Current Target Allocation	(1) Real Return Years 1 - 10	(2) Real Return Years 11+
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
	100.0%		

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Transportation Authority's proportionate share of the net pension liability, as well as what the Transportation Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease 6.65%	Current Discount Rate 7.65%	1% Increase 8.65%
Net Pension Liability	\$ 2,348,553	\$ 1,288,393	\$ 413,108

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial report.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Financial Statements

June 30, 2016

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, 2016, the Transportation Authority contributed \$206,513, or 103%, of the annual required contribution (ARC) to the CERBT.

The Transportation Authority is required to contribute the ARC, per the board's approved policy, 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.

Annual OPEB Cost

The Transportation Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 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 following table shows the components of the Transportation Authority's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation to CERBT.

Annual required contribution	\$ 200,500
Interest on net OPEB obligation	2,600
Adjustment to annual required contribution	(2,400)
Annual OPEB cost (expense)	<u>200,700</u>
Contributions made	<u>(206,513)</u>
Increase (Decrease) in net OPEB obligation	(5,813)
Net OPEB obligation (asset) - beginning of year	-
Net OPEB obligation (asset) - end of year	<u><u>\$ (5,813)</u></u>

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Financial Statements

June 30, 2016

NOTE 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS, (Continued)

The Transportation Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Fiscal Year Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Asset
6/30/2014	\$ 138,400	100%	\$ -
6/30/2015	138,400	100%	-
6/30/2016	200,700	103%	(5,813)

Funded Status and Funding Progress

As of June 30, 2015, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial value of plan assets	\$ 1,170,500
Actuarial accrued liability (AAL)	2,042,300
Unfunded actuarial accrued liability (UAAL)	<u>\$ 871,800</u>
Funded ratio (actuarial value of plan assets/AAL)	57.3%
Covered payroll (active plan members)	\$ 3,929,800
UAAL as a percentage of covered payroll	22.2%

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 Financial Statements

June 30, 2016

NOTE 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS, (Continued)

In the June 30, 2015, 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 7.00% representing the long-term rate of investment return on investments with CERBT of 7.28%, net a 0.28% margin for adverse deviations. The assumed annual healthcare trend rates for non-Medicare benefits started at 8.00%, then grades down to 7.00% in plan year starting July 1, 2016 to an ultimate rate of 4.00% by plan year beginning July 1, 2029. The assumed annual healthcare trend rates for Medicare benefits were 6.25% in the first year, then 4.50% per the next year, 4.25% the following two years and 4.00% the years 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 2015-16.

NOTE 10 - OPERATING LEASES

The Transportation Authority leases its office space under an operating lease agreement. In December 2011, the Transportation Authority executed a 13-year workspace lease for its 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, 2016, the Transportation Authority expended \$758,694 towards its office lease and recorded an office lease expense of \$791,954 and an amortization expense of \$33,260 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. In April 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, 2016, total copier expenses were \$17,812.

The following is a schedule of future minimum lease obligations as of June 30, 2016:

Year Ending June 30,	Office Lease	Copier Leases	Total
2017	\$ 783,168	\$ 15,920	\$ 799,088
2018	807,642	-	807,642
2019	832,116	-	832,116
2020	856,590	-	856,590
2021	881,064	-	881,064
2022-25	3,768,996	-	3,768,996
Total future minimum lease obligations	\$ 7,929,576	\$ 15,920	\$ 7,945,496

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Financial Statements

June 30, 2016

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 Proposition K Expenditure Plan. For the year ended June 30, 2016, revenues, staff salaries and fringe benefits for administering the Proposition K Expenditure Plan for the Sales Tax Program were as follows:

Revenues	\$ 99,528,116
Expenditures:	
Salaries	617,191
Fringe benefits	21,719
Total	<u>\$ 638,910</u>
Percentage of revenue	0.64%

Personnel expenditures of \$2,908,112 were reported in the Sales Tax Program Fund, of which \$638,910 was related to general administration of the Proposition K Expenditure Plan, and \$2,269,202 was related to planning and programming, which includes monitoring and oversight of Proposition 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, 2016, the Transportation Authority has \$356,148 in escrow accounts to fund claims related to MUNI's Third Street Light Rail Project.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Financial Statements

June 30, 2016

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Commitments

The Transportation Authority's outstanding commitments totaled \$455,036,152 at June 30, 2016. This amount is comprised of \$426,690,287 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, 2016, the Transportation Authority has \$13,489,049, \$14,587,488 and \$269,328 encumbered in the Sales Tax Program, the Congestion Management Agency Programs and the Treasure Island Mobility Management Agency Program, respectively, on various Transportation Authority contracts held with private consulting and construction companies and cooperative agreements with governmental entities.

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 YBI Ramps 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 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. 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, 2016, the outstanding balance due to the Transportation Authority is \$2,396,111 for the loan and \$497,972 for accrued interest costs.

REQUIRED SUPPLEMENTARY INFORMATION

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
Schedules of Funding Progress and Employer Contributions
For the Year Ended June 30, 2016

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, 2015.

Actuarial Valuation Date	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL) Entry Age	(C) Unfunded AAL (UAAL) (Excess Assets) [(B) - (A)]	(D) Funded Ratio [(A) / (B)]	(E) Covered Payroll	(F) UAAL as a Percentage of Covered Payroll [(C) / (E)]
June 30, 2011	\$ 405,000	\$ 671,000	\$ 266,000	60.4%	\$ 3,251,000	8.2%
June 30, 2013	759,600	1,124,100	364,500	67.6%	3,253,400	11.2%
June 30, 2015	1,170,500	2,042,300	871,800	57.3%	3,929,800	22.2%

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
June 30, 2014	\$ 138,000	\$ 138,000	100.0%
June 30, 2015	138,000	138,000	100.0%
June 30, 2016	200,700	206,513	102.9%

The notes to required supplementary information are an integral part of these schedules.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Budgetary Comparison Schedules
For the Year Ended June 30, 2016

	Sales Tax Program General Fund			Positive (Negative) Variance Final to Actual
	Budget Amounts		Actual	
	Original	Final		
Revenues and Transfers In				
Sales tax	\$ 101,293,575	\$ 101,293,575	\$ 99,528,116	\$ (1,765,459)
Vehicle registration fee	-	-	-	-
Investment income	328,196	328,196	377,025	48,829
Program revenues				
Federal	-	-	-	-
State	-	-	-	-
Regional and other	75,000,000	75,000,000	75,071,666	71,666
Other revenues	2,909,880	47,384	33,940	(13,444)
Transfers in from other funds	-	-	235,887	235,887
Total Revenues and Transfers In	179,531,651	176,669,155	175,246,634	(1,422,521)
Expenditures and Transfers Out				
Administrative operating costs	7,143,980	6,600,863	5,007,100	1,593,763
Transportation and capital projects	201,816,864	222,428,866	210,767,188	11,661,678
Debt service				
Principal	20,000,000	20,000,000	20,000,000	-
Interest	1,760,000	960,000	794,172	165,828
Transfers out to other funds	2,061,889	8,890,453	5,259,079	3,631,374
Total Expenditures and Transfers Out	232,782,733	258,880,182	241,827,539	17,052,643
Change in Fund Balance	(53,251,082)	(82,211,027)	(66,580,905)	15,630,122
Fund Balance - Beginning	99,592,152	99,592,152	99,592,152	-
Fund Balance - Ending	\$ 46,341,070	\$ 17,381,125	\$ 33,011,247	\$ 15,630,122

The notes to required supplementary information are an integral part of these schedules.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Budgetary Comparison Schedules

For the Year Ended June 30, 2016

	Congestion Management Agency Programs			
	Budgeted Amounts			Positive (Negative) Variance Final to Actual
	Original	Final	Actual	
Revenues and Transfers In				
Sales tax	\$ -	\$ -	\$ -	\$ -
Vehicle registration fee	-	-	-	-
Investment income	-	-	-	-
Program revenues				
Federal	25,778,310	24,554,867	14,161,616	(10,393,251)
State	3,009,707	2,704,665	1,508,642	(1,196,023)
Regional and other	253,199	931,744	1,562,770	631,026
Other revenues	6,210	1,873	51,119	49,246
Transfers in from other funds	1,961,889	8,686,151	5,259,079	(3,427,072)
Total Revenues and Transfers In	31,009,315	36,879,300	22,543,226	(14,336,074)
Expenditures and Transfers Out				
Administrative operating costs	2,065,647	2,207,457	1,947,597	259,860
Transportation and capital projects	28,943,668	34,671,843	20,595,629	14,076,214
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Transfers out to other funds	-	-	-	-
Total Expenditures and Transfers Out	31,009,315	36,879,300	22,543,226	14,336,074
Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

The notes to required supplementary information are an integral part of these schedules.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Budgetary Comparison Schedules

For the Year Ended June 30, 2016

	Transportation Fund for Clean Air Program			
	Budgeted Amounts			Positive (Negative) Variance Final to Actual
	Original	Final	Actual	
Revenues and Transfers In				
Sales tax	\$ -	\$ -	\$ -	\$ -
Vehicle registration fee	-	-	-	-
Investment income	2,140	2,140	2,379	239
Program revenues				
Federal	-	-	-	-
State	-	-	-	-
Regional and other	772,398	772,398	749,885	(22,513)
Other revenues	-	-	-	-
Transfers in from other funds	-	-	-	-
Total Revenues and Transfers In	774,538	774,538	752,264	(22,274)
Expenditures and Transfers Out				
Administrative operating costs	37,486	38,515	40,131	(1,616)
Transportation and capital projects	1,225,593	1,225,593	1,425,271	(199,678)
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Transfers out to other funds	-	-	-	-
Total Expenditures and Transfers Out	1,263,079	1,264,108	1,465,402	(201,294)
Change in Fund Balance	(488,541)	(489,570)	(713,138)	(223,568)
Fund Balance - Beginning	1,107,504	1,107,504	1,107,504	-
Fund Balance - Ending	\$ 618,963	\$ 617,934	\$ 394,366	\$ (223,568)

The notes to required supplementary information are an integral part of these schedules.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
 Budgetary Comparison Schedules
 For the Year Ended June 30, 2016

	Vehicle Registration Fee for Transportation Improvements Program			Positive (Negative) Variance Final to Actual
	Budget Amounts		Actual	
	Original	Final		
Revenues and Transfers In				
Sales tax	\$ -	\$ -	\$ -	\$ -
Vehicle registration fee	4,776,540	4,776,540	5,362,050	585,510
Investment income	4,370	4,370	4,052	(318)
Program revenues				
Federal	-	-	-	-
State	-	-	-	-
Regional and other	-	-	-	-
Other revenues	-	-	-	-
Transfers in from other funds	-	-	-	-
Total Revenues and Transfers In	4,780,910	4,780,910	5,366,102	585,192
Expenditures and Transfers Out				
Administrative operating costs	228,830	228,830	184,641	44,189
Transportation and capital projects	9,108,958	7,112,584	5,515,530	1,597,054
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Transfers out to other funds	-	-	-	-
Total Expenditures and Transfers Out	9,337,788	7,341,414	5,700,171	1,641,243
Change in Fund Balance	(4,556,878)	(2,560,504)	(334,069)	2,226,435
Fund Balance - Beginning	7,311,391	7,311,391	7,311,391	-
Fund Balance - Ending	\$ 2,754,513	\$ 4,750,887	\$ 6,977,322	\$ 2,226,435

The notes to required supplementary information are an integral part of these schedules.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Budgetary Comparison Schedules

For the Year Ended June 30, 2016

	Treasure Island Mobility Management Agency			Positive (Negative) Variance Final to Actual
	Budgeted Amounts		Actual	
	Original	Final		
Revenues and Transfers In				
Sales tax	\$ -	\$ -	\$ -	\$ -
Vehicle registration fee	-	-	-	-
Investment income	-	-	-	-
Program revenues				
Federal	-	-	114,072	114,072
State	-	-	-	-
Regional and other	650,000	750,000	922,637	172,637
Other revenues	-	-	-	-
Transfers in from other funds	100,000	204,302	-	(204,302)
Total Revenues and Transfers In	750,000	954,302	1,036,709	82,407
Expenditures and Transfers Out				
Administrative operating costs	475,600	357,022	317,536	39,486
Transportation and capital projects	274,400	597,280	483,286	113,994
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Transfers out to other funds	-	-	235,887	(235,887)
Total Expenditures and Transfers Out	750,000	954,302	1,036,709	(82,407)
Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

The notes to required supplementary information are an integral part of these schedules.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Budgetary Comparison Schedules

For the Year Ended June 30, 2016

	Agency-wide			Positive (Negative) Variance Final to Actual
	Budget Amounts		Actual	
	Original	Final		
Revenues and Transfers In				
Sales tax	\$ 101,293,575	\$ 101,293,575	\$ 99,528,116	\$ (1,765,459)
Vehicle registration fee	4,776,540	4,776,540	5,362,050	585,510
Investment income	334,706	334,706	383,456	48,750
Program revenues				
Federal	25,778,310	24,554,867	14,275,688	(10,279,179)
State	3,009,707	2,704,665	1,508,642	(1,196,023)
Regional and other	76,675,597	77,454,142	78,306,958	852,816
Other revenues	2,916,090	49,257	85,059	35,802
Transfers in from other funds	2,061,889	8,890,453	5,494,966	(3,395,487)
Total Revenues and Transfers In	<u>216,846,414</u>	<u>220,058,205</u>	<u>204,944,935</u>	<u>(15,113,270)</u>
Expenditures and Transfers Out				
Administrative operating costs	9,951,543	9,432,687	7,497,005	1,935,682
Transportation and capital projects	241,369,483	266,036,166	238,786,904	27,249,262
Debt service				
Principal	20,000,000	20,000,000	20,000,000	-
Interest	1,760,000	960,000	794,172	165,828
Transfers out to other funds	2,061,889	8,890,453	5,494,966	3,395,487
Total Expenditures and Transfers Out	<u>275,142,915</u>	<u>305,319,306</u>	<u>272,573,047</u>	<u>32,746,259</u>
Change in Fund Balance	(58,296,501)	(85,261,101)	(67,628,112)	17,632,989
Fund Balance - Beginning	108,011,047	108,011,047	108,011,047	-
Fund Balance - Ending	<u>\$ 49,714,546</u>	<u>\$ 22,749,946</u>	<u>\$ 40,382,935</u>	<u>\$ 17,632,989</u>

The notes to required supplementary information are an integral part of these schedules.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
Schedule of the Proportionate Share of the Net
Pension Liability
For the Year Ended June 30, 2016

	<u>2015</u> ⁽¹⁾	<u>2016</u> ⁽¹⁾
Proportion of the net pension liability	0.04834%	0.01877%
Proportionate share of the net pension liability	\$ 1,299,087	\$ 1,288,393
Covered payroll	\$ 3,263,808	\$ 3,684,025
Proportionate share of the net pension liability as a percentage of covered payroll	39.80%	34.97%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	79.82%	78.40%

(1) Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable.

Notes to schedule:

Changes in assumptions: The discount rate was changed from 7.5% to 7.65%.

The notes to required supplementary information are an integral part of these schedules.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
Schedule of Pension Contributions
For the Year Ended June 30, 2016

	2014⁽¹⁾	2015⁽¹⁾	2016⁽¹⁾
Actuarially determined contributions	\$ 365,402	\$ 399,937	\$ 280,199
Contributions in relation to the actuarially determined contributions	(365,402)	(399,937)	(280,199)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,263,808	\$ 3,684,025	\$ 3,643,778
Contributions as a percentage of covered-employee payroll	11.20%	10.86%	7.69%

(1) Historical information is available only for measurement periods for which GASB Statement No. 68 is applicable.

The notes to required supplementary information are an integral part of these schedules.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Required Supplementary Information

For the Year Ended June 30, 2016

NOTE 1 - 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.

NOTE 2 - SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS

A cost-sharing employer is required to recognize a liability for its proportionate share of the net pension liability (of all employers for benefits provided through the pension plan)—the collective net pension liability. A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions. The schedules present information to illustrate changes in the Transportation Authority's proportionate share of the net pension liability and employer contributions over a ten-year period when the information is available.

SUPPLEMENTARY INFORMATION

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2016

Program Description	Catalog of Federal Domestic Assistance	Grant No.	Grant Approval Date	Approved Federal Award	Federal Expenditures				Amount Provided to Subrecipients
					Cumulative Expenditures Prior to July 1, 2015	Expenditures July 1, 2015 through June 30, 2016	Cumulative Expenditures Through June 30, 2016	Available Balance	
U.S. Department of Transportation									
Federal Highway Administration:									
Highway Research and Development Program									
<i>Passed through - Metropolitan Transportation Commission</i>									
Strategic Highway Research Plan	20.200	SHRP2L-6084(192)	11/12/14	\$ 310,000	\$ 53,349	\$ 80,701	\$ 134,050	\$ 175,950	\$ -
Travel Model Research	20.200	ATF5512L-6084(184)	08/09/13	90,000	4,830	3,327	8,157	81,843	-
Total Highway Research and Development Program				400,000	58,179	84,028	142,207	257,793	-
Highway Planning and Construction									
<i>Passed through - Metropolitan Transportation Commission</i>									
Surface Transportation Plan (STP): Transportation Planning and Programming	20.205	C002683	07/01/12	3,568,000	1,714,767	774,453	2,489,220	1,078,780	-
STP: Treasure Island Mobility Management	20.205	N/A	01/01/13	500,000	416,209	79,174	495,383	4,617	-
<i>Passed through - San Francisco Municipal Transportation Agency</i>									
19th Avenue/M-Ocean View Project Pre-Environmental Study Phase	20.205	SFMTA-2014-44	05/16/14	492,000	-	274,302	274,302	217,698	-

See accompanying notes to supplementary information.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Program Description	Catalog of Federal Domestic Assistance	Grant No.	Grant Approval Date	Approved Federal Award	Federal Expenditures			Amount Provided to Subrecipients
					Cumulative Expenditures Prior to July 1, 2015	Expenditures July 1, 2015 through June 30, 2016	Cumulative Expenditures Through June 30, 2016	
<i>Passed through - State of California Department of Transportation</i>								
Bart Travel Smart Rewards	20.205	VPPL-6272(043)	09/10/15	508,000	-	266,573	266,573	160,853
eFleet: Carsharing Electrified	20.205	CML-6272(033)	12/28/11	1,700,000	956,978	375,348	1,332,326	365,176
Integrated Public Private Partnership Travel Demand Management Program (TDM)	20.205	CML-6272(034)	04/25/11	750,000	708,787	13,160	721,947	-
San Francisco Value Pricing and Regulation Study	20.205	VPPL-6272(037)	08/17/12	480,000	298,426	160,984	459,410	-
Treasure Island Mobility Management	20.205	VPPL-6272(041)	08/15/13	480,000	447,204	19,801	467,005	-
Yerba Buena Island - Reconstruct Existing Westbound On and Off Ramps on East Side of Yerba Buena Island	20.205	BRLS-6272(023)	08/20/10	73,919,055	46,088,616	14,191,951	60,280,567	-
Yerba Buena Island Viaduct Structure #1	20.205	STPLZ-6272(024)	09/10/10	307,490	197,609	4,929	202,538	-
Yerba Buena Island Viaduct Structure #2	20.205	STPLZ-6272(026)	09/10/10	9,580,185	3,264,663	1,470,979	4,735,642	-
Yerba Buena Island Viaduct Structure #4	20.205	STPLZ-6272(028)	09/10/10	703,068	541,305	3,922	545,227	-
Yerba Buena Island Viaduct Structure #7A	20.205	STPLZ-6272(030)	09/10/10	155,745	152,498	-	152,498	-
Yerba Buena Island Viaduct Structure #7B	20.205	STPLZ-6272(031)	09/10/10	214,476	189,981	3,992	193,973	-
Yerba Buena Island Viaduct Structure #8	20.205	STPLZ-6272(032)	09/10/10	269,407	244,375	-	244,375	-
Total Highway Planning and Construction Cluster				93,627,426	55,221,418	17,639,568	72,860,986	526,029
Total Federal Highway Administration				94,027,426	55,279,597	17,723,596	73,003,193	526,029
Federal Transit Administration:								
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research								
<i>Passed through - State of California Department of Transportation</i>								
San Francisco Freeway Performance Initiative Study	20.505	74A0843	04/15/15	300,000	21,952	200,848	222,800	-
Total Federal Transit Administration				300,000	21,952	200,848	222,800	-
Total Expenditures of Federal Awards				\$ 94,327,426	\$ 55,301,549	\$ 17,924,444	\$ 73,225,993	\$ 526,029

See accompanying notes to supplementary information.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to Supplementary Information

June 30, 2016

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the San Francisco County Transportation Authority, a component unit of the City and County of San Francisco California, under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Transportation Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Transportation Authority.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Transportation Authority has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

INDEPENDENT AUDITOR'S REPORTS



**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 the 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, 2016, and the related notes to the financial statements, which collectively comprise Transportation Authority's basic financial statements, and have issued our report thereon dated October 20, 2016. Our report contains an emphasis of matter regarding adoption of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 76, *The hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No.73*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 be 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 internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Transportation Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California

October 20, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

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 Compliance Supplement* that could have a direct and material effect on the Transportation Authority's major federal program for the year ended June 30, 2016. 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 of 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 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 the 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, 2016.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trinh, Day & Co. LLP

Palo Alto, California
October 20, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Summary of Auditor's Results
For the Year Ended June 30, 2016

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>None</u>
Significant deficiencies identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weaknesses identified?	<u>None</u>
Significant deficiencies identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	<u>None</u>

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Financial Statement Findings
For the Year Ended June 30, 2016

None reported.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
Federal Awards Findings and Questioned Costs
For the Year Ended June 30, 2016

None reported.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2016

None reported.

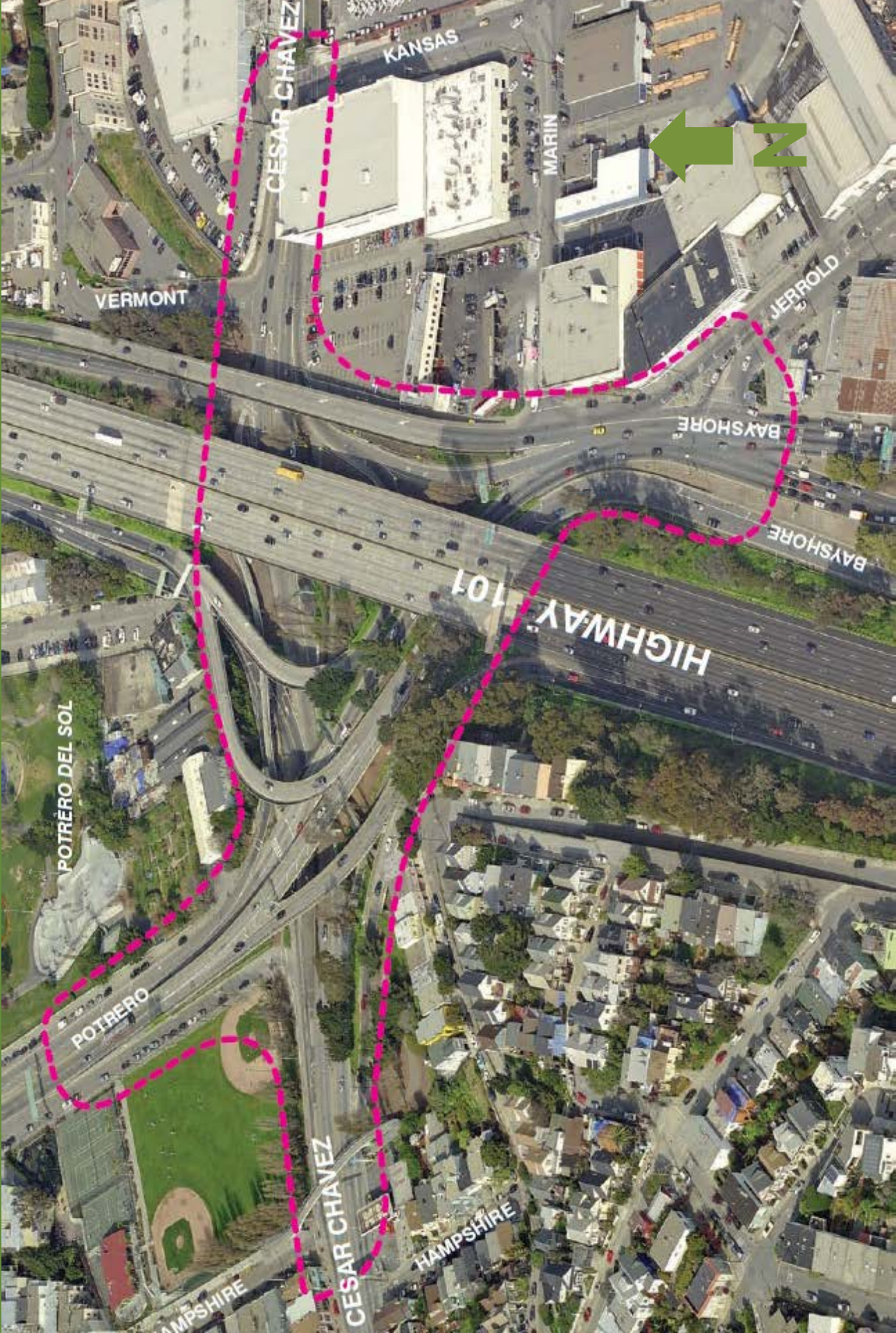


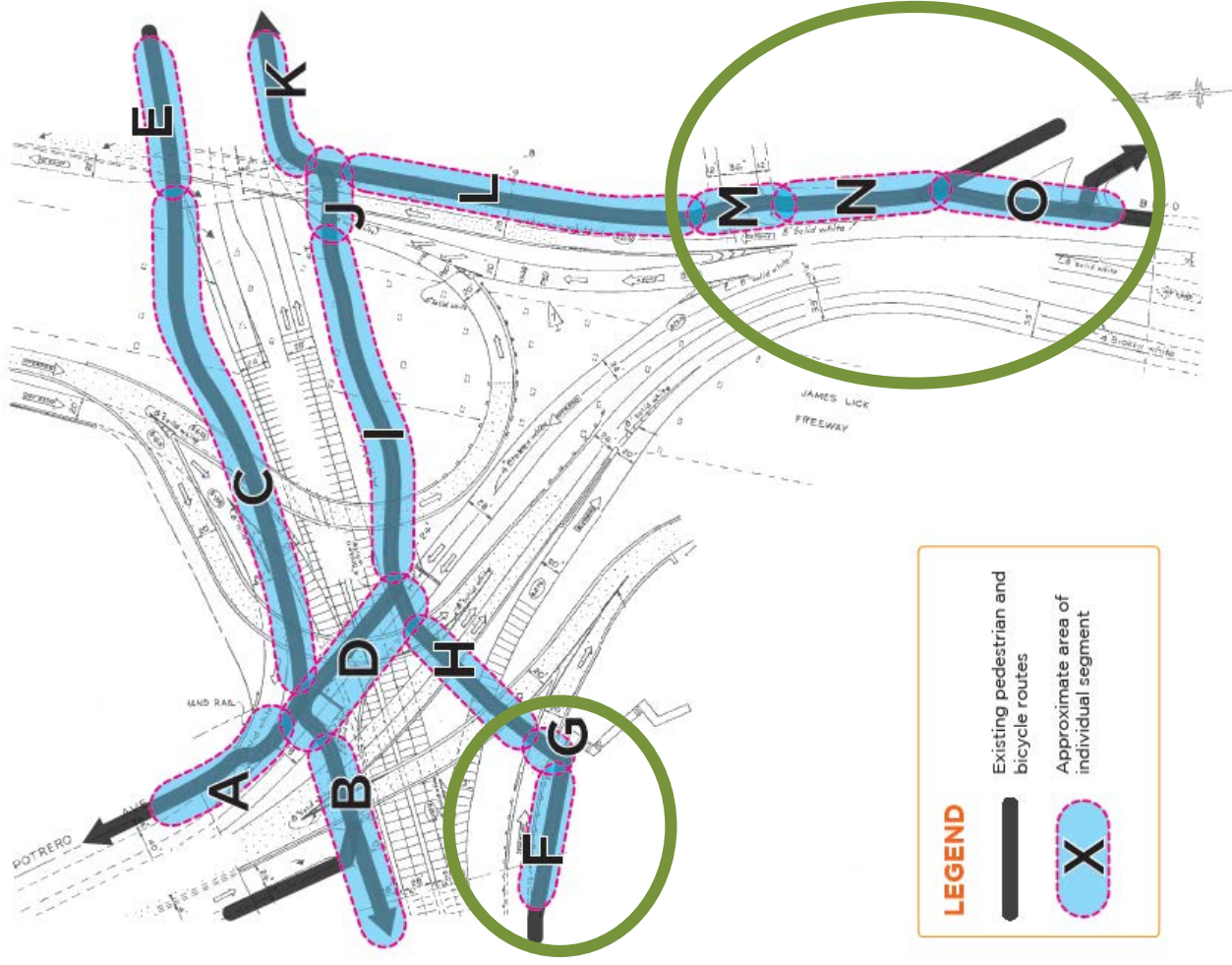
SFMTA
Municipal
Transportation
Agency

Bayshore Boulevard/Cesar Chavez Street/ Potrero Avenue Intersection (The Hairball) Key Segment Improvements

San Francisco Municipal Transportation Agency | San Francisco Public Works

Funded by the SFCTA and the Neighborhood Transportation Improvement Program (NTIP)

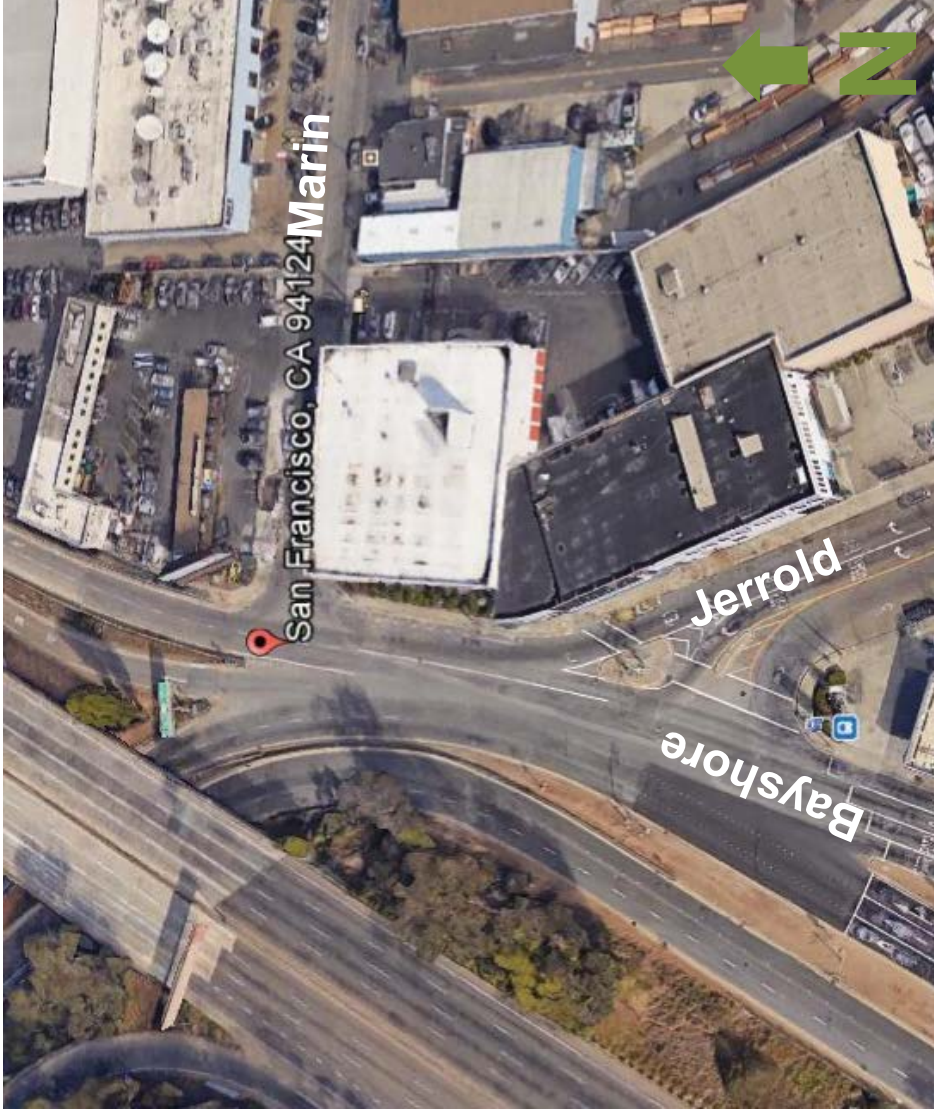
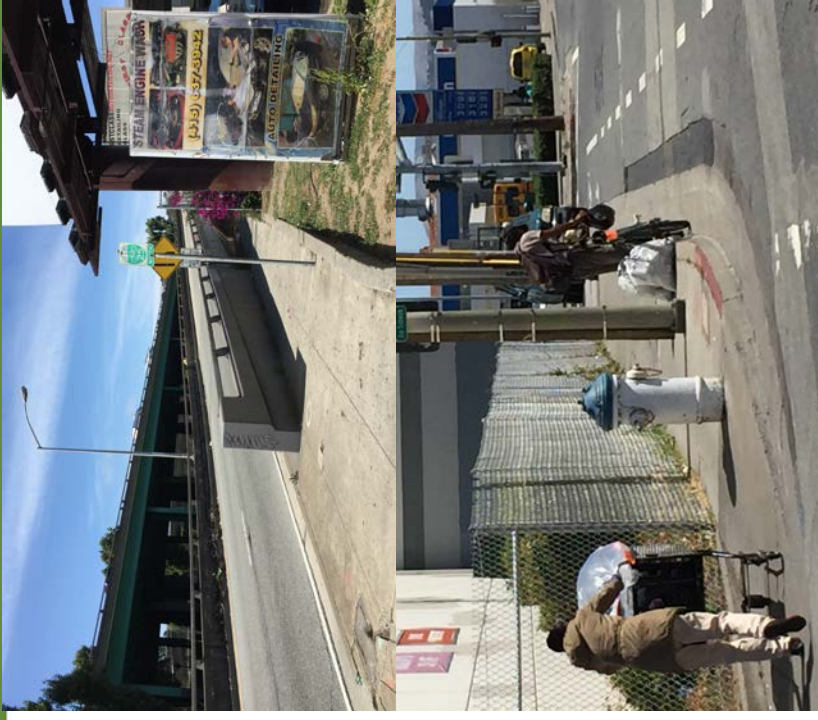




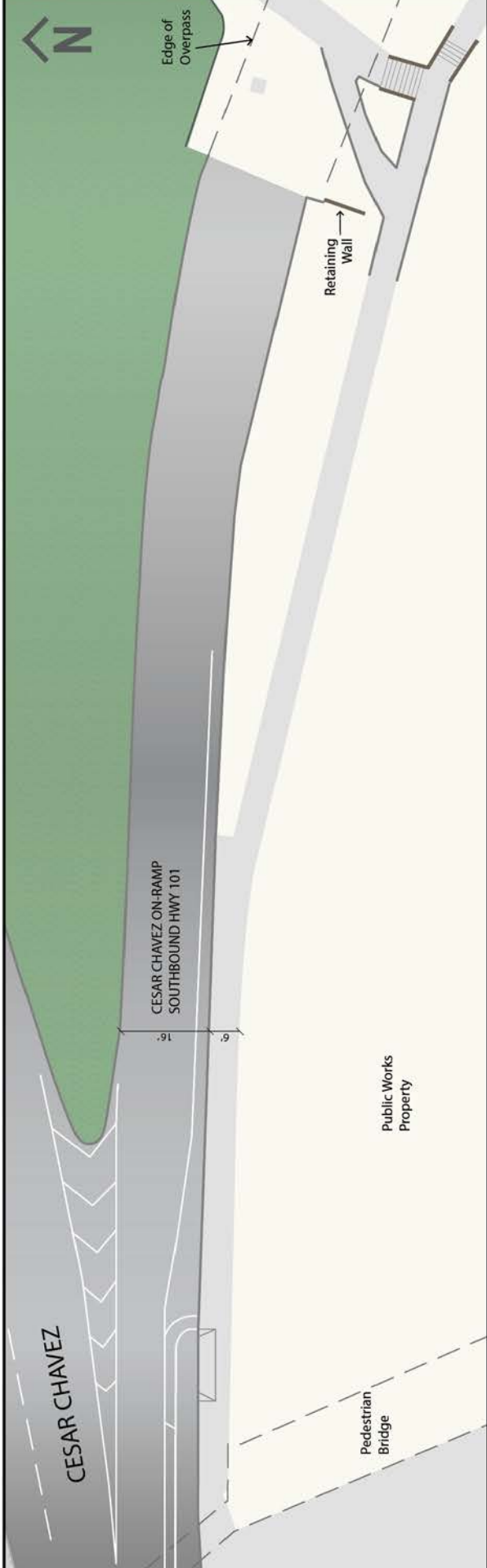
Segments F and G



Segments M, N and O



Segment F/G- Existing Conditions



Key Issues/Constraints

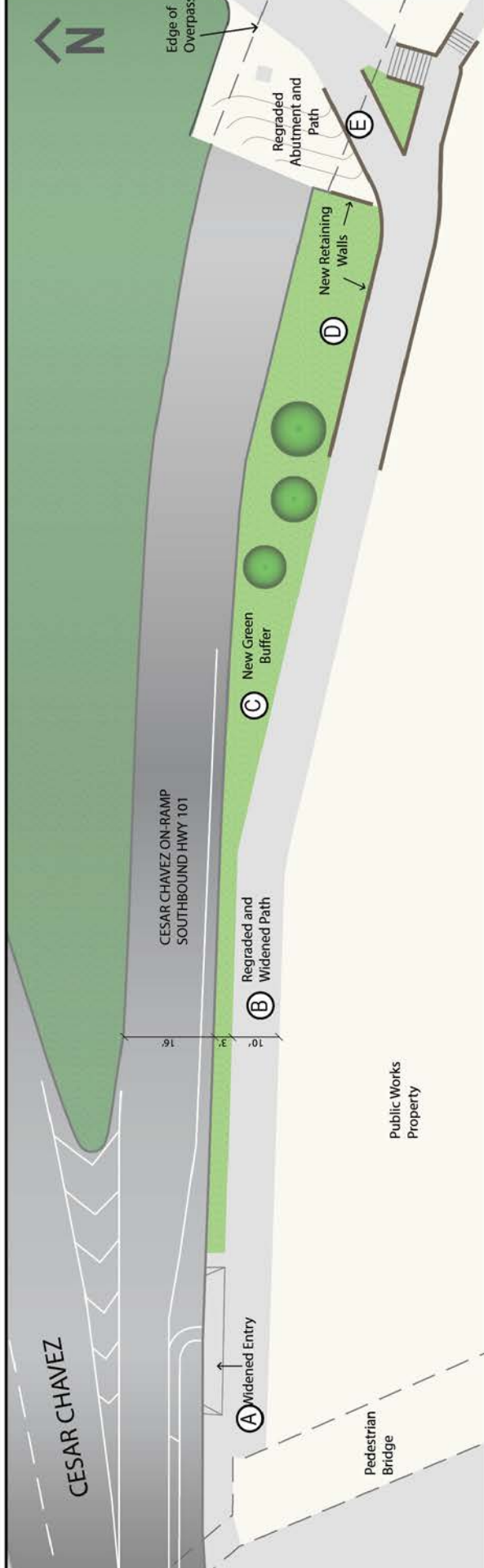
Segments F/G:

- Western entrance driveway narrow and in poor condition
- Clearance is not sufficient at overpass
- Lighting not sufficient/needs repair
- Drainage issues

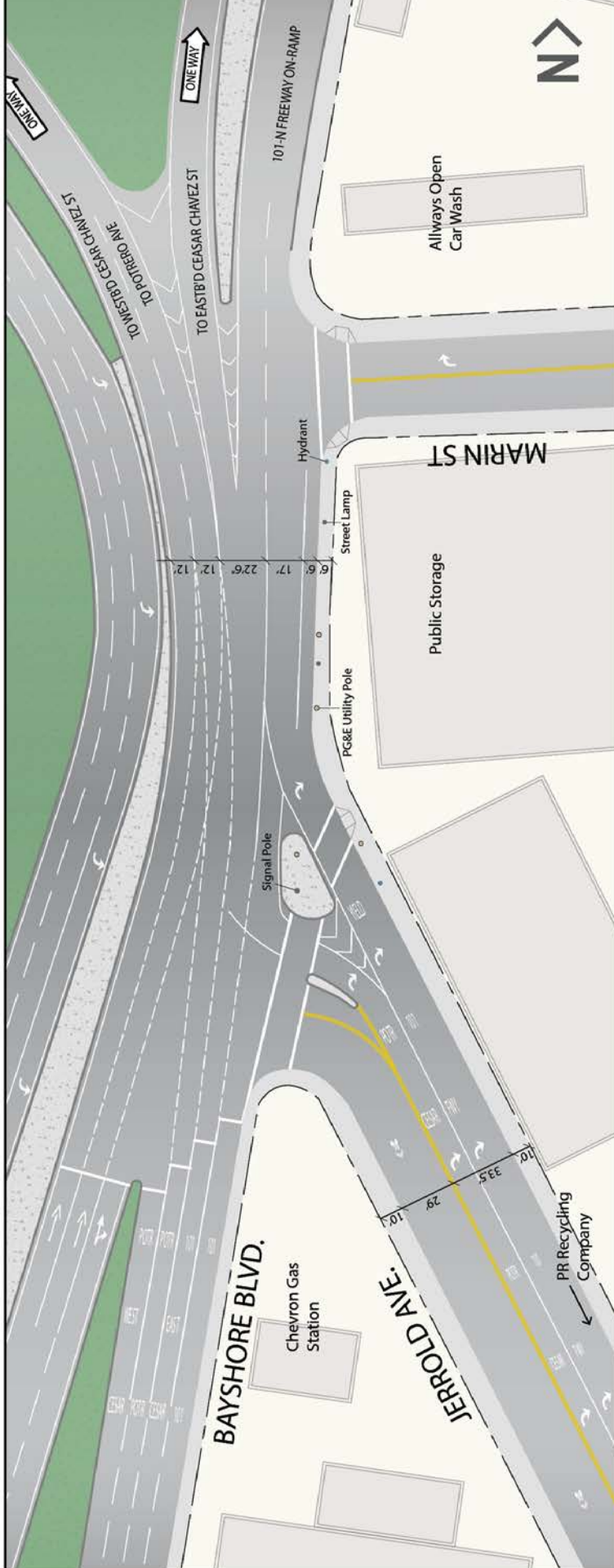


Sidewalk conditions between Jerrold and Marin

Proposed Project



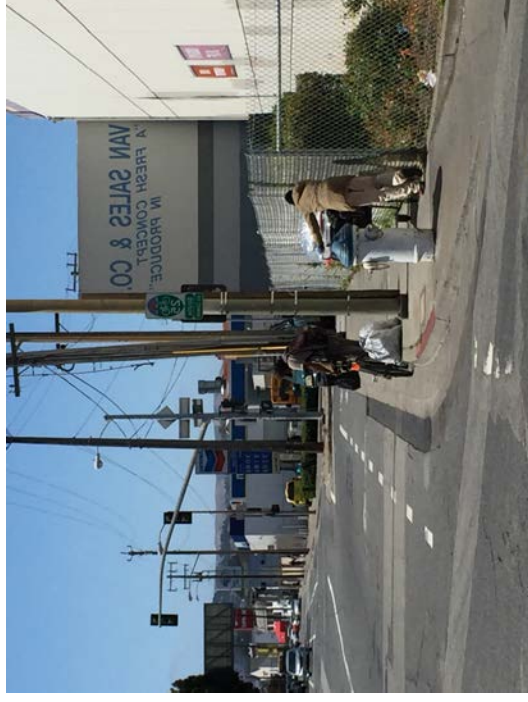
Segment M/N/O- Existing Conditions



Key Issues/Constraints

Segments M/N/O:

- Shared use of sidewalk on Bayshore and between Jerrold and Marin
- Narrow sidewalk, many users with shopping carts/large items
- No wayfinding
- Ramps at north corner of Bayshore and Marin are poorly placed
- Poor visibility at both Bayshore/Jerrold and Bayshore/Marin intersections
- Truck traffic and nearby recycling centers/industrial uses
- Lighting not sufficient/needs repair



Sidewalk conditions between Jerrold and Marin

Proposed Near Term Improvements



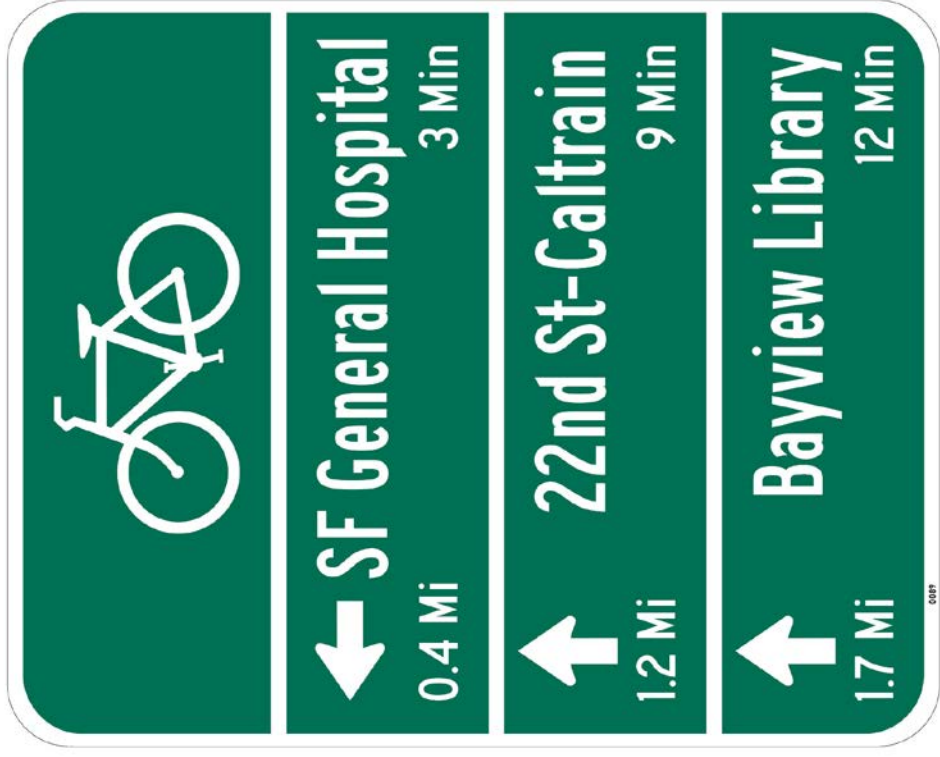
Proposed Project



Spot Improvements

Wayfinding signs and replacement of signs in disrepair

Improvements to the western driveway entrance



Project Costs

	Planning/ Detailed Design Costs	Construction Costs	Total Project Costs	Available Funding	Balance/Gap
Segments F and G	\$52,387	\$401,633	\$454,019	TBD	(\$454,019)
Segments M,N, and O	\$190,000	\$504,192	\$694,192	\$590,000	(\$104,192)
Lighting Improvements (entire Hairball area)	-	-	\$1-1,500,000	-	(\$1-1,500,000)

Segments M,N and O: Schedule

Phase	Timeline
Preliminary Engineering	Fall 2016- Spring 2017
Near-Term Improvements	Summer 2017
Detailed Design	Spring 2017
Construction	Early 2018

THANKS!