

**SAN FRANCISCO
BAY AREA WATER EMERGENCY
TRANSPORTATION AUTHORITY**

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

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**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Francisco Bay Area Water Emergency Transportation Authority
San Francisco, California

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of the San Francisco Bay Area Water Emergency Transportation Authority (Authority) as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the 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 the 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 Authority'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 Authority'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 basic financial statements referred to above present fairly in all material respects the respective financial position of the business-type activities of the Authority as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements, which became effective during the year ended June 30, 2013 that resulted in certain changes in nomenclature on the financial statements:

Statement 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

The emphasis of this matter does not constitute a modification to our opinion.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2013, on our consideration of the 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 Authority's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
November 8, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) of the San Francisco Bay Area Water Emergency Transportation Authority (Authority) activities and financial performance provides an introduction to the financial statements of the Authority for the fiscal year ended June 30, 2013. The information presented herein should be considered in conjunction with the accompanying financial statements.

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements required under GASB 34 include:

Statement of Net Position—presents the financial position of the Authority, including assets, liabilities and net position. The difference between this statement and the traditional Balance Sheet is that net position (fund equity) are shown as the difference between total assets and total liabilities.

Statement of Activities—presents revenues, expenses and changes in net position for the fiscal year. It differs with the traditional Statement of Revenues and Expenses in that revenues and expenses directly attributable to operating programs are presented separately from investment income and financing costs.

Statement of Cash Flows—provides itemized categories of cash flows. This statement differs from the traditional Statement of Cash Flows in that it presents itemized categories of cash in flows and out flows instead of computing the net cash flows from operation by backing out non-cash revenues and expenses from net operating income. In addition, cash flows related to investments and financing activities are presented separately.

FINANCIAL POSITION SUMMARY

Total net position may serve as a useful indicator of the Authority’s financial position. The Authority’s assets exceeded liabilities by \$131.0 million at June 30, 2013, a \$39.1 million or 43% increase from June 30, 2012. This increase was primarily due to the transfer of capital assets, ferry parts and construction of ferry maintenance facility from the City of Vallejo as part of the Vallejo ferry service transfer effective July 1, 2012.

The following is a summary of the Authority’s net position as of June 30, 2013 and 2012 along with a discussion of some of the most significant balances (in thousands):

	<u>2013</u>	<u>2012</u>
Assets:		
Current and other assets	\$132,406	\$82,317
Capital assets	115,490	80,358
Total assets	<u>\$247,896</u>	<u>\$162,675</u>
Liabilities:		
Current liabilities	\$3,561	\$6,178
Unearned/deferred revenue	113,031	64,647
Other noncurrent liabilities	393	89
Total liabilities	<u>\$116,986</u>	<u>\$70,914</u>
Net Assets:		
Invested in capital assets, net of related debt	\$115,490	\$80,358
Restricted	4,428	11,358
Unrestricted	10,993	45
Total net assets	<u>\$130,910</u>	<u>\$91,761</u>

The largest portion of the Authority’s net position (89%) represents its net investment in capital assets (i.e., ferries, terminals, improvements, and equipment) These capital assets are used to provide services to its passengers. Net investment in capital assets, increased by 44% during the year due to the above noted transfer from the City of Vallejo.

Unrestricted net position (8%), the portion of the Authority’s net position available for use to meet ongoing obligations, increased \$10.9 million this year. This increase was attributed to the Authority’s transfer of San Mateo County Measure A (Measure A) funds, pledged for repayment of bond principal, from Restricted net position after the debt was repaid on June 1, 2013.

An additional portion of the Authority’s net position (3%), Restricted net position, represents resources that are subject to external restrictions imposed by creditors, grantors and contributors that restrict the use of net position, decreased \$6.9 million during the year due primarily to the above reclassification of Measure A funds.

FISCAL YEAR 2013 FINANCIAL HIGHLIGHTS

- Fare revenues increased by \$7.2 million (\$10.5 million in 2013 compared to \$3.3 million in 2012), most of which was attributed to the first year operation of the Vallejo ferry service (\$6.5 million) and the first full year operation of the South San Francisco ferry service (\$260,000). The increase in fare revenues from the Alameda ferry services (\$400,000) was due primarily to greater ridership.
- Operating expenses, before depreciation, of the Alameda ferry services increased by \$1.1 million (\$7.8 million in 2013 compared to \$6.7 million in 2012), due primarily to the change from the operating contracts assigned to the Authority from the City of Alameda, as part of the ferry service transfer, to the new operations and maintenance contract between the Authority and Blue & Gold Fleet effective January 1, 2012.
- Operating expenses for the first full year of operations for the Vallejo ferry service and the South San Francisco ferry service were \$13.4 million and \$2.6 million respectively.
- Total Assets increased by \$85.2 million (\$247.9 million in 2013 compared to \$162.7 million in 2012) and total Liabilities increased by \$46.1 million (\$117.0 million in 2013 compared to \$70.9 million in 2012), resulting in an increase of total Net Position of \$39.1 million (\$130.9 million in 2013 compared to \$91.8 million in 2012).

PROGRAM INITIATIVES AND OUTLOOK

On July 1, 2012, the Vallejo ferry service was transferred from the City of Vallejo to the Authority. The four regional ferry routes operated by the Authority include Alameda/Oakland to San Francisco, Alameda Harbor Bay to San Francisco, Alameda/Oakland to South San Francisco, and Vallejo to San Francisco.

As of October 1, 2012, Clipper, universal Bay Area transit fare payment media, was made available on the Alameda/Oakland to San Francisco and Alameda Harbor Bay to San Francisco ferry services. Clipper is also accepted on the Alameda/Oakland to South San Francisco ferry service since its launch in June 2012.

On January 10, 2013, the Authority's Board of Directors adopted the Authority's first Short Range Transit Plan (SRTP) for Fiscal Years 2012-2021 as required by the Metropolitan Transportation Commission (MTC).

On April 29, 2013, the Authority began its one year demonstration project to enhance the South San Francisco to San Francisco ferry service in an effort to build ridership.

On June 1, 2013, the Authority made its final bond principal and interest payment on the Revenue Bond Series 2010 issued in August 2010.

During 2013, the Authority expended \$9.2 million on capital activities. This included the following major projects:

- Construction of a replacement passenger-float at the Oakland (Jack London Square) ferry terminal (\$2.1 million).
- Refurbishment of the *Bay Breeze* (\$1.6 million).
- Refurbishment of the *Mare Island* (\$1.4 million).
- North Bay Operations and Maintenance Facility (\$1.1 million).
- Engine overhaul of the *Encinal* (\$830,000).
- Construction of the South San Francisco Ferry Terminal (\$520,000).
- Planning studies, environmental review and conceptual design for potential future ferry services – cities of Berkeley, Richmond, Antioch, Hercules, Martinez and Redwood City (\$460,000).
- Downtown S.F. Berthing Expansion – Environmental/conceptual design (\$420,000).

During 2013, completed projects totaling \$20.2 million were closed from Construction In Progress (CIP) to their respective capital accounts. The major completed projects included:

- Refurbishment of the *Intintoli* and *Mare Island* (\$16.6 million).
- Replacement passenger-float at the Oakland (Jack London Square) ferry terminal (\$2.3 million).
- Engine overhaul of the *Encinal* (\$830,000).
- Maintenance dredging at Harbor Bay (\$334,000).

The Authority will continue its efforts to support the management, operation and marketing of the four San Francisco Bay Ferry Routes: Alameda/Oakland to San Francisco, Alameda Harbor Bay to San Francisco, Alameda/Oakland to South San Francisco and Vallejo to San Francisco. Planning and administrative work will include completing a comprehensive service review, establishing a system-wide fare program and further investigating, defining and prioritizing future expansion services. Effort will also be focused on implementing system rehabilitation and core capital infrastructure projects including the replacement of a number of key facilities and vessels necessary to support daily and emergency response ferry services. Development of plans to expand berthing capacity in downtown San Francisco and development of operations and maintenance facilities in the central bay and north bay will also continue. Development of these projects will be important to support the long-term vision and sustainability of the Authority's planned ferry transportation services.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide citizens, taxpayers, creditors and interested parties with a general overview of the Authority's finances. Questions or additional information about these statements should be directed to San Francisco Bay Area Water Emergency Transportation Authority, at 9 Pier, Suite 111, San Francisco, CA 94111.

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS

Current Assets

Cash and cash equivalents (Note 4)	\$125,047,580
Receivables:	
Accounts	4,066,410
Interest	3,654
Security deposit	55,560
Inventory	852,648
Prepaid expenses	<u>2,380,603</u>

Total Current Assets 132,406,455

Capital assets, net of accumulated depreciation (Note 5):

Construction in progress	15,415,178
Depreciable capital assets, net	
Ferries	59,725,171
Terminal development rights	3,393,864
Ferry terminal and facilities	30,676,082
Float and equipment	<u>6,279,306</u>

Total Capital Assets 115,489,601

Total Noncurrent Assets 115,489,601

Total Assets 247,896,056

LIABILITIES

Current Liabilities

Accounts payable	1,833,329
Other accrued liabilities	1,943,420
Compensated absences (Note 2C)	<u>84,723</u>

Total Current Liabilities 3,861,472

Noncurrent Liabilities

Compensated absences (Note 2C)	93,020
Unearned revenue - State Appropriation (Note 6A)	2,252,957
Unearned revenue - Regional Measures (Note 6B)	2,545,534
Unearned revenue - Prop 1B (Note 6C)	<u>108,232,916</u>

Total Noncurrent Liabilities 113,124,427

Total Liabilities 116,985,899

NET POSITION (Note 10)

Net investment in capital assets	115,489,601
Restricted	4,427,546
Unrestricted	<u>10,993,010</u>

Total Net Position \$130,910,157

See accompanying notes to financial statements

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

OPERATING REVENUES

Fare Box Revenues	\$10,501,989
Total Revenues	10,501,989

PROGRAM OPERATING EXPENSES

Personnel costs	1,920,915
Purchased transportation	16,420,673
Administrative expenses	6,020,658
Legal and consulting	1,703,367
Insurance premiums	357,572
Depreciation (Note 5)	5,753,716
Total Program Operating Expenses	32,176,901

OPERATING LOSS (21,674,912)

NONOPERATING REVENUES (EXPENSE)

Intergovernmental	19,036,217
Local Property Tax/Assessments	2,311
Total Nonoperating Expenses	19,038,528

CAPITAL GRANTS 9,237,862

SPECIAL ITEM - CONTRIBUTION FOR
TRANSFER OF OPERATIONS FROM THE CITY OF VALLEJO (Note 3) 32,547,766

CHANGE IN NET POSITION 39,149,244

NET POSITION - BEGINNING 91,760,913

NET POSITION - ENDING \$130,910,157

See accompanying notes to financial statements

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$10,501,989
Payments to vendors and consultants	(25,398,882)
Payments to or on behalf of employees	<u>(1,900,496)</u>
Net cash flows from operating activities	<u>(16,797,389)</u>

CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES

Intergovernmental collections	18,171,665
Local Property Tax/Assessments	<u>2,311</u>
Net cash flows from noncapital and related financing activities	<u>18,173,976</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Grant receipts used for capital activities	57,700,271
Payments for capital assets	(9,237,861)
Repayment of long-term obligation	(2,092,626)
Interest on long term debt	<u>(96,930)</u>
Net cash flows from capital and related financing activities	<u>46,272,854</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest collections	<u>57,175</u>
Net cash flows from investing activities	<u>57,175</u>
Net cash flows	47,706,616
Cash and cash equivalents- beginning of year	<u>77,340,964</u>
Cash and cash equivalents - end of year	<u><u>\$125,047,580</u></u>

Reconciliation of operating loss to net cash flows from operating activities:

Operating loss	(\$21,674,912)
Depreciation	5,753,716
Change in assets and liabilities:	
Security deposits	(3,496)
Prepaid expenses	(661,105)
Accounts payable	(737,216)
Other accrued liabilities	505,205
Compensated absences	<u>20,419</u>
Net cash flows from operating activities	<u><u>(\$16,797,389)</u></u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

Capital assets transferred from the City of Vallejo	<u><u>\$31,647,377</u></u>
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See accompanying notes to financial statements

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 1 – REPORTING ENTITY

The San Francisco Bay Area Water Emergency Transportation Authority (Authority) is the regional water transportation planning and operating agency for the San Francisco Bay Area. It was established by the California State Legislature on October 14, 2007. The Authority was designated by the State Legislature to plan and operate new and existing Alameda and Vallejo ferry services and coordinate the emergency activities of all water transportation and related facilities within the Bay Area region.

The Authority is governed by a Board of Directors comprised of appointees from the California State Governor’s Office, the State Assembly, and the State Senate subcommittees. The Board, consisting of 5 members, is responsible for general operations of the Authority, reviewing and approving the annual budget, approving future contractual agreements with vendors, and appointment of the Executive Director.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Authority conform with generally accepted accounting principles applicable to governments. The following is a summary of the significant policies:

A. Basis of Presentation

The Authority’s Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

These Standards require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary entity (the Authority). These statements include the financial activities of the overall Authority. Eliminations have been made to minimize the double counting of internal activities. These statements display the *business-type activities* of the Authority. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Authority’s business-type activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues are presented as general revenues.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting

The Authority uses an enterprise fund format to report its activities for financial statement purposes. The Authority's financial statements are reported using the *economic resources measurement focus* and the full *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.

Grant reimbursements are recognized in the period the grant expenditures are made. Expenditures in excess of reimbursement are recorded as receivables if allowable under the grant, while excess reimbursements are recorded as deferred revenues.

C. Compensated Absences

Compensated absences comprise vacations and administration leave and are recorded as an expense when earned. The accrued liability for unused compensated absences is computed using current employee pay rates. Sick pay does not vest and is not accrued.

The changes in compensated absences were as follows:

Balance at June 30, 2012	\$157,324
Additions	225,292
Payments	<u>(204,873)</u>
Balance at June 30, 2013	<u>\$177,743</u>
Due within one year	<u>\$84,723</u>

D. Estimates

The Authority's management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses and the disclosure of contingent liabilities to prepare these financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Actual results could differ from those estimates.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 3 – COMMENCEMENT OF OPERATIONS

Vallejo Ferry Service

On January 1, 2008, the State of California's Senate Bill 976 became law repealing prior legislation that created the San Francisco Bay Area Water Transit Authority (WTA) and established a new agency, the San Francisco Bay Area Water Emergency Transportation Authority (Authority). The Authority has specified powers and duties, including but not limited to, taking over the City of Vallejo's (City) Vallejo Ferry Service operation and facilities and coordinating the emergency activities of water transportation on the bay.

The impact of the law to the Authority's ferry service may include, but is not limited to the transfer of ownership of the City's ferries and ferry assets; transfer of grant funding for current and future transit operation and capital funding and financial impact to transit-oriented development projects currently underway and planned for the future.

"Clean up" legislation to this law, Senate Bill 1093 (Wiggins), was approved and enacted into law on September 27, 2008 clarifying the planning, management, and operations responsibilities of the water transportation services vested in the Authority.

The City of Vallejo and the Authority worked collaboratively as required by this legislation and the Transition Plan was adopted by the Authority Board on June 8, 2009. The Authority Board of Directors approved the Vallejo Transfer Agreement on October 6, 2011, and the Vallejo City Council approved it on October 11, 2011. The Authority legal counsel and staff continued work to finalize the document for execution and on the necessary due diligence and pre-closing activities required prior to the close of escrow and transfer of the service to the Authority. The system transfer was completed on July 1, 2012.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 3 – COMMENCEMENT OF OPERATIONS (Continued)

On July 1, 2012 the City transferred assets associated with their ferry operations to the Authority as shown below:

	<u>Transfers from the City of Vallejo</u>
ASSETS	
Inventory	\$900,389
Capital Assets (Note 5)	
Ferries	36,688,918
Terminal development rights	8,989,263
Floats and equipment	76,730
Construction in progress (Note 5)	18,710,347
Accumulated depreciation (Note 5)	<u>(32,817,881)</u>
Total Capital Assets	<u>31,647,377</u>
Total Assets	<u><u>\$32,547,766</u></u>

NOTE 4 - CASH AND INVESTMENTS

A. Carrying Amount and Fair Value

Cash and investments are recorded at fair value, which is the same as fair market value. The Authority's cash and investments were composed of cash in banks and the California Local Agency Investment Fund (LAIF), each of which is described below.

Cash and investments comprised of the following at June 30, 2013:

Cash and Investments:	
Cash in Bank	\$1,153,236
Cash in Bank for Prop 1B and Measure B	111,779,024
Local Agency Investment Fund	<u>12,115,320</u>
Total Cash and Investments	<u><u>\$125,047,580</u></u>

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 4 - CASH AND INVESTMENTS (Continued)

B. Investments Authorized by the Authority

The California Government Code allows the Authority to invest in the following types of investments.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
U. S. Treasury Bonds, Notes and Bills	5 years	N/A	No Limit	No Limit
U.S. Government Agency Securities and Government Sponsored Enterprise Agencies	N/A	N/A	No Limit	No Limit
State Obligations	5 years	N/A	No Limit	No Limit
Local Agency Obligations	5 years	N/A	No Limit	No Limit
Negotiable Certificates of Deposit	5 years	N/A	30%	No Limit
Money Market Mutual Funds	N/A	Highest	20%	10%
Bankers Acceptances	180 days	N/A	40%	30%
Commercial Paper	270 Days	A-1	25%	10%
State of California Local Agency Investment Fund (LAIF Pool)	Upon Demand	N/A	\$50,000,000 per account	\$50,000,000 per account

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of the Authority's investment. Generally, the longer the maturity of an investment, the greater is the sensitivity of its fair value to changes in market interest rates. As of year end, the weighted average maturity of the investments in the LAIF investment pool is approximately 268 days.

D. Credit

Generally, credit risk is the risk that an issuer of an investment fails to fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF is not rated by a nationally recognized statistical rating organization.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 4 - CASH AND INVESTMENTS (Continued)

E. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority may not be able to recover its deposits or may not be able to recover collateral securities that are in the possession of an outside party. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its agent having a fair value of 110% to 150% of the Authority's cash on deposit. All of the Authority's deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions in the Authority's name.

F. Local Agency Investment Fund

The Authority is a voluntary participant in LAIF. LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. The carrying value of LAIF approximates fair value.

NOTE 5 – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

Capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation expense is calculated on the straight line method over the estimated useful lives of assets, which are as follows:

Ferries	25 years
Ferry Terminal/Facilities	50 years
Terminal Development Rights	55 years

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 5 – CAPITAL ASSETS (Continued)

Construction in Progress Net Financing Costs - Interest incurred and the amortization of issuance costs on debt used to finance projects are netted with interest earned on unspent proceeds of the debt. These “Net Financing Costs” are capitalized and added to construction in progress during the construction period to reflect the true project costs, including financing costs. During the year ended June 30, 2013, the Authority capitalized interest cost of \$88,525, net of interest earned on unexpended proceeds of \$5,600.

Capital assets activity was as follows for the year ended June 30, 2013:

	Balance as of June 30, 2012	Transfer from City of Vallejo Ferry Operations July 1, 2012	Additions	Transfers	Balance as of June 30, 2013
Capital assets not being depreciated:					
Construction in progress	\$7,675,323	\$18,710,346	\$9,237,862	(\$20,208,353)	\$15,415,178
Total assets not being depreciated	<u>7,675,323</u>	<u>18,710,346</u>	<u>9,237,862</u>	<u>(20,208,353)</u>	<u>15,415,178</u>
Capital assets being depreciated:					
Ferries	44,840,127	8,729,974		16,758,968	70,329,069
Terminal development rights	3,660,000				3,660,000
Ferry terminal and facilities	30,522,220	751,541		453,439	31,727,200
Floats and equipment	267,439	3,455,516		2,995,946	6,718,901
Total assets being depreciated	<u>79,289,786</u>	<u>12,937,031</u>		<u>20,208,353</u>	<u>112,435,170</u>
Less accumulated depreciation for:					
Ferries	(6,255,047)	(986,041)	(3,362,810)		(10,603,898)
Terminal development rights	(199,590)		(66,546)		(266,136)
Ferry terminal and facilities	(105,351)	(250,514)	(695,253)		(1,051,118)
Floats and equipment	(47,040)	(329,806)	(62,748)		(439,594)
Total accumulated depreciation	<u>(6,607,028)</u>	<u>(1,566,361)</u>	<u>(4,187,357)</u>		<u>(12,360,746)</u>
Net capital assets being depreciated	<u>72,682,758</u>	<u>11,370,670</u>	<u>(4,187,357)</u>	<u>20,208,353</u>	<u>100,074,424</u>
Capital Assets, Net	<u>\$80,358,081</u>	<u>\$30,081,016</u>	<u>\$5,050,505</u>		<u>\$115,489,602</u>

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 6 – MAJOR FUNDING SOURCES

A. State Appropriation

The Authority received a single \$12,000,000 appropriation as initial funding for the study and planning of water transportation services in the San Francisco Bay. On October 14, 2007, the Senate bill stated that the Water Transit Authority's funds will be transferred to the Authority. As of June 30, 2013, the appropriation has a balance as follows:

Original appropriation	\$12,000,000
Net expenses as of June 30, 2013	<u>(9,765,273)</u>
Unearned appropriation as of beginning of period	2,234,727
Fiscal year 2013:	
Interest income	<u>18,230</u>
Unearned appropriation as of period end	<u><u>\$2,252,957</u></u>

B. Regional Measure

Regional Measure 1 (RM1) - In November 1988, Bay Area voters approved Regional Measure 1 (RM1), which authorized a standard auto toll of \$1 for all seven state-owned Bay Area toll bridges. The additional revenues generated by the toll increase were identified for use for certain highway and bridge improvements, public transit rail extensions, and other projects that reduce congestion in the bridge corridors. The Authority is receiving the portion of RM1 funding intended for water transportation services, facilities and vessels. As of June 30, 2013, the Authority had expended and received total allocated funds of \$538,393, in which \$308,655 was used for operations and \$229,738 was used for capital.

Regional Measure 2 (RM2) - On March 2, 2004, voters approved Regional Measure 2 (RM2), raising the tolls on the seven State-owned toll bridges in the San Francisco Bay Area by \$1. This toll increase is to fund various transportation projects within the region that have been determined to reduce congestion or to improve travel in the toll bridge corridors. The Authority was allocated \$16,160,300 to be used for operations and \$1,900,651 to be used for debt service in the fiscal year ended June 30, 2013. As of June 30, 2013, the Authority has expended total current allocated funds of \$17,452,941 and an additional \$222,264 of previously allocated capital funds. The Authority received \$15,489,718 in cash and had a receivable balance of \$2,185,487.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 6 – MAJOR FUNDING SOURCES (Continued)

C. Proposition 1B (CTSGP-RPWT) Projects

Pursuant to State Proposition 1B, the Authority is the eligible recipient of funds from the California Transit Grant Program, Regional Public Waterborne Transit (CTSGP-RPWT) for public transportation ferries and related facilities and services and emergency water transportation disaster recovery within the Bay Area region. As of June 30, 2013, the Authority had been awarded \$100 million in Proposition 1B allocations.

Assembly Bill 1203 (AB 1203), chaptered into law on October 11, 2009, provided clarifying language that allow the Authority to receive all awarded Proposition 1B allocations not previously invoiced or paid and as of April 2010, the Authority received \$44,679,939. The Authority received an additional \$25 million in fiscal year 2010-11 and \$50 million in the fiscal year ended June 30, 2013. Unspent grant receipts have been reported as unearned revenue in the accompanying financial statements.

A summary of the Authority's Proposition 1B project for the fiscal year ended June 30, 2013 are as follows:

Project Name	Grant Allocations	Expended in Fiscal Year		Unearned Revenue at 06/30/13
		Prior years	2012-2013	
Preliminary Investigation & Environmental Review of Redwood City, Richmond, Antioch and Martinez	\$3,250,000	(\$541,786)	(\$351,310)	\$2,356,904
Final Design for Berkeley and Hercules Terminals	5,500,000	(86,738)	(111,472)	5,301,790
Berkeley Terminal and Vessel Construction	10,000,000			10,000,000
South San Francisco Terminal and Vessel Construction	10,000,000	(9,343,056)	(231,815)	425,129
Maintenance Barge/Facility and Emergency Floats	15,250,000	(2,300,197)	(2,446,758)	10,503,045
Central Bay and North Bay Maintenance Facilities	39,000,000		(953,017)	38,046,983
San Francisco Berthing Expansion	17,000,000	(450,913)	(133,860)	16,415,227
WETA Ferry Vessels	20,000,000			20,000,000
East Bay Ferry Terminals	5,000,000			5,000,000
Total	\$125,000,000	(\$12,722,690)	(\$4,228,232)	108,049,078
Add interest earned in prior years				127,258
Add interest earned in current year				56,582
Unearned Revenues				\$108,232,918

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 6 – MAJOR FUNDING SOURCES (Continued)

D. Measure B Program

Measure B, approved by the voters of Alameda County in 2000, accounts for a pro-rata share of the one-half sales tax, funds to be collected for a duration of 20 years. This measure was adopted with the intention that the funds generated by the additional sales tax will not fund expenditures previously paid for by property taxes, but rather, would be used for additional projects and programs.

In fiscal year 2011, the transfer of the Alameda/Oakland Ferry Service and the Alameda Harbor Bay Ferry Service from the City of Alameda and the Alameda Reuse and Redevelopment Authority to the Authority included Measure B monies. Measure B monies are used to finance the facilities and operations of the ferry services. During the year ended June 30, 2013, the Measure B program activity was as follows:

Measure B Program Revenues:	
Measure B Sales Tax Revenue	\$897,451
Interest Earned	1,743
Total Measure B Revenues	<u>899,194</u>
 Measure B Program Expenditures:	
Vessel Mid-Life Refurbishment - Bay Breeze	<u>(218,426)</u>
Total Measure B Expenditures	<u>(218,426)</u>
 Net change in Net Position	 680,768
 Unspent Measure B Revenues as of Beginning of the Year:	 <u>2,502,463</u>
 Unspent Measure B funds as of the End of the Year:	 <u><u>\$3,183,231</u></u>
 Reserves:	
Capital Fund Reserves	<u>\$3,183,231</u>
 Unspent Measure B funds as of the End of the Year:	 <u><u>\$3,183,231</u></u>

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 6 – MAJOR FUNDING SOURCES (Continued)

Measure B Reserves - Pursuant to its agreement with the Alameda County Transportation Commission, the Authority is to expend Measure B funds expeditiously and no unexpended funds beyond those included in reserves as defined in the Agreement are allowed to be retained by the Authority. Specific reserves are described as follows:

Capital Fund Reserve – The Authority may establish a specific capital fund reserve to fund specific large capital projects that could otherwise not be funded with a single year worth of Measure B funds. The Authority may collect capital funds during not more than three fiscal years and shall expend all reserve funds prior to the end of the third fiscal year immediately following the fiscal year during which the reserve was established.

As of June 30, 2013, the Authority’s Capital Fund Reserve amounted to \$3,183,231 and has been retained to fund capital projects relative to the Alameda ferry services including the Mid-Life Repower and Refurbishment of the Bay Breeze, Purchase Replacement Ferry Vessels, and Ferry Propulsion System Replacement.

Operations Fund Reserve - The Authority may establish and maintain a specific reserve to address operational issues including fluctuations in revenues and to help maintain transportation operations. The total amount retained may not exceed 50 percent of anticipated annual combined revenues from Measure B and VRF funds. This fund may be a revolving fund and is not subject to an expenditure timeframe. As of June 30, 2013, the Authority has not established an Operations Fund Reserve.

Undesignated Fund Reserve - The Authority may establish and maintain a specific reserve for transportation needs over a fiscal year such as matching funds for grants project development work studies for transportation purposes or contingency funds for a project or program. This fund may not contain more than 10 percent of annual pass-through revenues. As of June 30, 2013, the Authority has not established an Undesignated Fund Reserve.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 7 – LONG TERM OBLIGATION

On August 3, 2010, the Authority issued a \$10.1 million revenue bond to finance the construction of the South San Francisco ferry terminal. The bond bears interest at 4.632 percent and matures on June 1, 2013 with principal amounts due on June 1, and interest payments due on June 1 and December 1 of each year. The bond is payable from a pledge of RM2 Operating Revenues and Measure A Revenues. On June 1, 2012, the Authority amended their long term obligation agreement to provide for a revised Mandatory Sinking Payment schedule that adds a principal payment of \$1,273,374 due June 29, 2012, which reduces the outstanding balance due upon maturity. As of June 30, 2013, the bond was fully repaid.

	<u>June 30, 2012</u>	<u>Retirements</u>	<u>June 30, 2013</u>
Revenue Bond, Series 2010	\$2,092,626	(\$2,092,626)	<u> </u>
Total	<u>\$2,092,626</u>	<u>(\$2,092,626)</u>	<u> </u>

NOTE 8 – LEASE OBLIGATION

The Authority and Port of San Francisco entered into a lease agreement on December 1, 2011. The agreement allows the Authority to lease three parcels for office space, nonexclusive apron space and the exclusive use of lay berth area for ferry berthing. The annual lease payment is \$244,170 and each parcel amount is subject to a 3% annual adjustment with a minimum adjustment of \$0.01 (1 cent). The lease expires on November 30, 2016.

NOTE 9 – RISK MANAGEMENT

The Authority purchased the following insurance policy covered at June 30, 2013:

<u>Type of Coverage</u>	<u>Limit</u>	<u>Deductible</u>
	\$1,000,000 to	
General liability	2,000,000	\$2,500
Workers compensation	1,000,000	
Employment practice	2,000,000	15,000
Direct physical loss or damage (excluding earthquake or flood)	25,000,000	1,000
 <u>Type of Coverage (related to Ferry Services)</u>		
	1,000,000 to	
Marine terminal commercial liability	2,000,000	2,500
Dock, pilings & ramps		
Pier 9, Harbor Bay, Main Street, Vallejo and Mare Island Terminals	17,430,200	10,000 to 20,000
South San Francisco Terminal	18,973,405	1,000
Excess marine liability	9,000,000	

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 10 – NET POSITION

Net Position is the excess of all the Authority’s assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. The Authority’s Net Position is reported under the caption described below:

Net Investment in Capital Assets is the current net book value of the Authority’s capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes unexpended Measure B revenues and Alameda Local Property Tax/Assessments.

Unrestricted describes the portion of Net Position which may be used for any Authority purpose.

NOTE 11 - PENSION PLAN

All Authority employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS), a cost-sharing multiple-employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The Authority’s employees participate in the Miscellaneous Employee Plan. Benefit provisions under the Plan are established by State statute and Authority resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CALPERS. The Plan’s provisions and benefits in effect at June 30, 2013, are summarized as follows:

	<u>Miscellaneous</u>	<u>Miscellaneous New Tier</u>
	Prior to January 1, 2013	After January 1, 2013
Hire Date		
Benefits vesting schedule	5 years service	5 years service
Benefits payments	Monthly for life	Monthly for life
Retirement age	50	62
Monthly benefits, as a % of annual salary	2 % - 2.5%	2%
Required employee contribution rate	8.00%	6.25%
Required employer contribution rate	15.074%	6.25%

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the Authority’s total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the Authority must pay annually to fund an employee’s projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability. The Authority does not have a net pension obligation since it pays these actuarially required contributions monthly. Annual Pension Costs, representing the payment of all contributions required by CALPERS, for the last three fiscal years were as follows:

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 11 - PENSION PLAN (Continued)

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed
2011	\$235,117	100%
2012	288,828	100%
2013	300,368	100%

CALPERS uses a market related value method of valuing the Plan's assets. Investment gains and losses are accumulated as they are realized and ten percent of the net balance is amortized annually. An investment rate of return of 7.50% is assumed, including inflation at 2.75%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years.

As required by new State law, effective July 1, 2005, the Authority's Miscellaneous Plan was terminated, and the employees in the plan were required by CALPERS to join a new State-wide pool. One of the conditions of entry to the pool was that the Authority true-up any unfunded liabilities in the former Plan, either by paying cash or by increasing its future contribution rates through a Side Fund offered by CALPERS. The Authority will fund the liability through increase future contribution rates.

The State-wide pool's actuarial value and funding progress over the past three years are set forth below at the actuarial valuation date of June 30:

Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded Liability as % of Payroll
2009	\$1,834,424,640	\$1,493,430,831	\$340,993,809	81.4%	\$355,150,151	96.0%
2010	1,972,910,641	1,603,482,152	369,428,489	81.3%	352,637,380	104.8%
2011	2,135,350,204	1,724,200,585	411,149,619	80.7%	350,121,750	117.4%

Audited annual financial statements are available from CALPERS at P.O. Box 942709, Sacramento, CA, 94229-2709.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 12 – POSTEMPLOYMENT HEALTH CARE BENEFITS

During fiscal year 2009, the Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB).

By Board resolution, the Authority provides certain health care benefits for retired employees (spouse and dependents are not included) under third-party insurance plans.

The Authority pays the minimum of PEMHCA community rated plans for retired employees' medical premiums, in which the benefits continue to the surviving spouse. The Authority will also provide a longevity stipend for retired employees who have at least 10 years of service, by paying up to the PERSCare single premium for single coverage only.

As of June 30, 2013, four participants were eligible to receive benefits.

A. Funding Policy and Actuarial Assumptions

The annual required contribution (ARC) was determined as part of the June 2011 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.25% investment rate of return, (b) 3.25% projected annual salary increase, and (c) 5.0%-9.4 % health inflation increase. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The Authority's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 28 year closed amortization period.

In accordance with the Authority's budget, the annual required contribution (ARC) is to be funded throughout the year as a percentage of payroll. Concurrent with implementing Statement No. 45, the Authority's Board passed a resolution to participate in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT is administered by CalPERS, and is managed by an appointed board not under the control of Authority Board. This Trust is not considered a component unit by the Authority and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 12 – POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

B. Funding Progress and Funded Status

Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2013, the Authority contributed the ARC amounting to \$58,356 to the plan which represented 4.8% of the \$1.2 million of covered payroll. The Authority also contributed additional funds to CERBT representing funds accumulated in prior years. As a result, the Authority did not have a Net OPEB Obligation at June 30, 2013, as presented below:

	Amounts
Net OPEB Obligation June 30, 2012	\$0
Annual required contribution (ARC)	58,356
Contributions to CERBT	(58,356)
Change in net OPEB Liability	0
Net OPEB Obligation June 30, 2013	\$0

The actuarial accrued liability (AAL) representing the present value of future benefits, included in the actuarial study dated June 2011, amounted to \$254,200 and was unfunded since no assets had been transferred into CERBT as of that date. However, as of June 30, 2013, the Authority transferred additional contributions to CERBT, which along with investment earnings totaled \$269,381 and reduced the unfunded actuarial accrued liability.

The Plan's estimated annual required contributions and actual contributions for the years ended June 30, 2011, 2012 and 2013 are set forth below:

Fiscal Year	Estimated Annual Required Contribution (ARC)	Actual Contribution	Percentage of ARC Contributed	Net OPEB Obligation
6/30/2011	\$41,081	\$41,081	100%	\$0
6/30/2012	55,871	55,871	100%	0
6/30/2013	58,356	58,356	100%	0

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 12 – POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the actuarial study is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded (Overfunded) Actuarial Accrued Liability (A – B)	Funded Ratio (A/B)	Covered Payroll (C)	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(A – B)/C]
June 30, 2009	\$0	\$196,200	\$196,200	0.00%	\$720,807	27.22%
June 30, 2011	131,500	254,200	122,700	51.73%	1,242,000	9.88%

NOTE 13 – COMMITMENTS AND CONTINGENCIES

The Authority participates in Federal and State and local grant programs. These programs have been audited by the Authority's independent accountants through the fiscal year ended June 30, 2013, in accordance with the provisions of the Federal Single Audit Act as amended and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The Authority expects such amounts, if any, to be immaterial.

At June 30, 2013, the Authority had made commitments for construction of the following projects:

<u>Project</u>	
Mid-Life Refurbishment - Bay Breeze	\$2,479,389
Gangway & Pier Rehabilitation	153,275
Regional Spare Float Replacement	328,562
Antioch - Environ/Conceptual Design	486,224
Martinez - Environ/Conceptual Design	568,334
Central Bay Operations & Maint. Facility	62,118
North Bay Operations & Maint Facility	1,665,975
Berkeley - Environ/Conceptual Design	96,519
Richmond - Environ/Conceptual Design	85,958
South San Francisco Ferry Terminal / Oyster Monitoring	140,283
San Francisco Berthing Expansion	233,437
Redwood City - Environ/Conceptual Design	495,849
Total	<u>\$6,795,923</u>

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