



SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Basic Financial Statements and Supplemental Schedules

June 30, 2022

(With Independent Auditors' Report Thereon)

Disclaimer



This document provides general information about the San Francisco Municipal Transportation Agency (SFMTA) and its outstanding bonds, notes or other obligations. The information is provided for quick reference only. It is not a summary or a compilation of all information relevant to any particular financial transactions, bonds, notes or other obligations. It does not purport to include every item that may be relevant, nor does it purport to present full and fair disclosure with respect to any financial transactions, bonds, notes or other obligations related to the SFMTA within the meaning of applicable securities laws and regulations.

The information presented in this document speaks only as of the date it was posted or, if such information is dated, as of its dated date. The SFMTA does not undertake continuously to update materials posted in this document. Developments may occur after the dated date or posted date of such information that could render it inaccurate or unreliable.

Certain information has come from other sources that are not developed by the SFMTA, and the SFMTA presents that information for convenience only. The SFMTA does not guarantee the accuracy of any such information and undertakes no responsibility to verify any of that information. Links to other websites similarly are provided for convenience; the SFMTA takes no responsibility for the accuracy of such information.

THIS IS NOT AN OFFER TO SELL BONDS. Information in this document is not an offer to sell securities or the solicitation of an offer to buy securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

Viewers acknowledge that: (1) the SFMTA is not now by this document and the information shown herein offering any bonds, notes or other obligations, nor soliciting an offer to buy any such securities; (2) this document and the information herein shall not be construed as any description of the SFMTA, any departments thereof or the programs of the SFMTA in conjunction with any offering of bonds, notes or other obligations; (3) the information in this document is subject to change without notice, and no one shall assume from the availability of this document and the information herein that the affairs of the SFMTA and/or the programs of the SFMTA have not changed since the date of this information; (4) no representation is made as to the propriety or legality of any secondary market trading of the bonds, notes or other obligations of the SFMTA by anyone in any jurisdiction, (5) the information in this document speaks as of its date, and the SFMTA does not hereby obligate itself in any manner to periodically or otherwise update this information or to maintain the availability of this information.

All information in this document has been obtained by the SFMTA from sources believed to be reliable but no representation or warranty is made by the SFMTA as to its accuracy or completeness. Neither the SFMTA, nor any of its agencies or departments nor any of its officers or employees, shall be held liable for any use of the information described and/or contained in this document. In no event shall the SFMTA or its agencies or departments, officers or employees be liable for any direct, indirect, incidental, special, exemplary or consequential damages however caused and on any theory of liability, whether in contract, strict liability or tort (including negligence or otherwise) arising in any way out of the use of this document, even if advised of the possibility of such damage. This disclaimer of liability applies to any and all damages and injuries, including, but not limited to those caused by any failure of performance, error, omission, interruption, deletion, defect, delay in operation or transmission, computer virus, communication line failure, theft or destruction or unauthorized access to, alteration of, or use of any record, whether for breach of contract, tortious behavior, negligence or under any other cause of action. This disclaimer applies to both isolated and aggregate uses of the information in this document.

Any addresses or links to other websites which may be contained in this document are given only for the convenience of the viewer. The SFMTA has not participated in the preparation, collection, compilation or selection of information on any such other website and assumes no responsibility or liability for the contents of such websites. Due to the dynamic nature of the internet, resources that are free and publicly available one day may require a fee or restricted access the next, and the location of items may change as menus, homepages and files are reorganized. If you obtain any information from this document from any source other than this document, please be aware that electronic data can be altered subsequent to original distribution. Data can also quickly become out of date. It is recommended that careful attention be paid to any data associated with a file, and that the originator of the data or information be contacted with any questions regarding appropriate use.

Choice of Law Construction of the disclaimers above and resolution of disputes regarding such disclaimers are governed by the laws of the State of California. The laws of the State of California shall apply to all uses of this document and the information contained in this document.

Viewer Acknowledgement and Agreement. The viewer acknowledges and agrees that the information provided in this document is provided by the SFMTA for convenience. By viewing this document and the information contained herein, the viewer acknowledges and agrees that any use of the document and information contained herein shall conform to all applicable laws and regulations and that the viewer shall not violate the rights of any third parties and agrees to all of the terms, conditions and provisions set forth above under "Notice to Readers," "THIS IS NOT AN OFFER TO SELL BONDS" and "Choice of Law."

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Table of Contents

	Page
Independent Auditors' Report	1
Management's Discussion and Analysis (Unaudited)	4
Basic Financial Statements:	
Statement of Net Position	13
Statement of Revenues, Expenses, and Changes in Net Position	15
Statement of Cash Flows	16
Notes to Financial Statements	18
Supplemental Schedules:	
Schedule of Net Position	57
Schedule of Revenues, Expenses, and Changes in Net Position	59
Transit Grants – Federal	60
Transit Grants – California Transportation Commission	61
Transit Grants – Metropolitan Transportation Commission	62
Transit Grants – San Francisco County Transportation Authority	63
Transit Grants – Others	65
Sustainable Streets Grants – Federal	66
Sustainable Streets Grants – California Transportation Commission	67
Sustainable Streets Grants – Metropolitan Transportation Commission	68
Sustainable Streets Grants – San Francisco County Transportation Authority	69
Sustainable Streets Grants – Others	70
Schedule of Public Transportation, Modernization, Improvement and Service Enhancement Account (PTMISEA)	71
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	77



KPMG LLP
Suite 1400
55 Second Street
San Francisco, CA 94105

Independent Auditors' Report

The Honorable Mayor and Board of Supervisors, and
San Francisco Municipal Transportation Agency Board of Directors
City and County of San Francisco, California:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the San Francisco Municipal Transportation Agency (SFMTA) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the SFMTA's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the SFMTA as of June 30, 2022, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of the City of San Francisco Japan Center Garage Corporation and the Portsmouth Plaza Corporation, which represent 0.2% and 1.9%, respectively, of the total assets and revenues of the SFMTA as of June 30, 2022 and for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the SFMTA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of Portsmouth Plaza Parking Corporation were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

As discussed in Note 1, the financial statements of the SFMTA are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities and each major fund of the City and County of San Francisco, California that is attributable to the transactions of the SFMTA. They do not purport to, and do not, present fairly the financial position of the City and County of San Francisco, California, as of June 30, 2022, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SFMTA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.



Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the SFMTA's basic financial statements. The accompanying supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information 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 February 7, 2023 on our consideration of the SFMTA'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the SFMTA's 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 SFMTA's internal control over financial reporting and compliance.

KPMG LLP

San Francisco, California
February 7, 2023

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Management's Discussion and Analysis (Unaudited)

June 30, 2022

We offer readers of the San Francisco Municipal Transportation Agency's (SFMTA) financial statements this narrative overview and analysis of the financial activities of the SFMTA for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the information contained in the financial statements.

The novel coronavirus (COVID-19) pandemic has had a significant impact on SFMTA's services and finances due to decreased transit service and reduced parking and traffic volumes. Throughout the pandemic, the SFMTA continually demonstrated to the public its flexibility and willingness to try new ideas, constantly pushing to improve agency operations to support those most dependent on transit. With infusions of federal relief funding as outlined in this statement, SFMTA was able to avoid catastrophic damages to the well-being of San Francisco's transportation system.

In response to the nationwide COVID-19 pandemic, the Coronavirus Aid, Relief, and Economic Security Act was signed into law, providing SFMTA with \$197.2 million in fiscal year 2020 and \$176.6 million in fiscal year 2021.

On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act was signed into law and provided SFMTA with an additional supplemental appropriation of \$340.9 million in fiscal year 2021 for emergency transit operations.

On March 11, 2021, the American Rescue Plan Act was signed into law and provided SFMTA with an additional supplemental appropriation of \$536.5 million in fiscal year 2022 for emergency transit operations and a subsequent supplemental allocation of \$115.1 million appropriated in fiscal year 2023.

Financial Highlights

- The SFMTA's assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by \$5,097.8 million.
- Net position increased by \$527.8 million or 11.5% over the prior fiscal year.
- Net investment in capital assets was \$5,118 million, restricted net assets was \$358.8 million, and unrestricted net assets had a deficit of \$379 million.
- Operating revenues were \$316.4 million.
- Operating expenditures were \$1,060.2 million.
- The SFMTA received COVID-19 pandemic federal relief from the Federal Transit Administration of \$241.3 million, which was used for transit services. These amounts represented the operating gap due to the impact of the COVID-19 pandemic.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Management's Discussion and Analysis (Unaudited)

June 30, 2022

Overview of the Financial Statements

This discussion and analysis section is intended to serve as an introduction to the SFMTA's financial statements. The SFMTA oversees transit (Muni), parking and traffic control operations, bike and pedestrian programs, and taxis in the City. The SFMTA applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. The SFMTA is an integral part of the City, and these financial statements are included in the City's Annual Comprehensive Financial Report. More information regarding the SFMTA's organization and the basis of presentation are contained in Notes 1 and 2(a).

The statement of net position presents information on all the SFMTA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The net position is the residual of all other four elements presented in the statement of financial position. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the SFMTA.

The statement of revenues, expenses, and changes in net position presents information showing how the SFMTA's net position changed over the course of the 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. Revenues and expenses are reported in these statements for some items that will result in cash flows in future fiscal periods.

The statement of cash flows presents information about the cash receipts and payments of the SFMTA during the fiscal year. This statement shows the effect on the SFMTA's cash balances of cash flows from operating, noncapital financing, capital and related financing, and investing activities. When used with related disclosures and information in the other financial statements, the information in the statement of cash flows helps readers assess the SFMTA's ability to generate net cash flows, its ability to meet its obligations as they come due, and its needs for external financing.

There are no known facts, decisions, or conditions that are expected to have a significant effect on net position or results of revenues, expenses, and other changes in net position.

Notes to Financial Statements

The notes provide additional information that is essential to the full understanding of the data provided in the financial statements. The notes to financial statements can be found on pages 18 through 56 of this report.

Other Information

The supplemental schedules found on pages 57 through 76 of this report are presented for the purpose of providing additional analysis and are not a required part of the financial statements.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Management's Discussion and Analysis (Unaudited)

June 30, 2022

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the SFMTA, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,097.8 million at the close of the most recent fiscal year.

Condensed Summary of Net Position

June 30, 2022 and 2021

(In thousands)

	2022	2021
Assets:		
Total current assets	\$ 1,084,304	996,570
Total restricted assets	368,930	310,435
Other noncurrent assets	443,498	—
Capital assets, net	5,752,201	5,456,099
Total assets	7,648,933	6,763,104
Deferred outflows of resources	305,791	333,903
Liabilities:		
Total current liabilities	367,624	305,244
Total noncurrent liabilities	1,446,549	2,104,955
Total liabilities	1,814,173	2,410,199
Deferred inflows of resources	1,042,702	116,789
Net position:		
Net investment in capital assets	5,117,969	4,966,793
Restricted	358,862	307,110
Unrestricted	(378,982)	(703,884)
Total net position	\$ 5,097,849	4,570,019

The SFMTA implemented GASB 87, *Leases*, in FY2022. FY2021 balances were not restated.

During fiscal year 2022, the net position increased by \$527.8 million or 11.5% compared to the prior year. The SFMTA's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,097.8 million.

Current assets increased by \$87.7 million or 8.8%. This increase includes deposits and investments of \$129.2 million, and inventories of \$2.3 million, offset by decreases in receivables of \$43.6 million and prepaid assets of \$0.2 million. The increase was primarily attributable to increases in fare revenues, parking meter and garage collections, and general fund subsidy.

The restricted assets increased by \$58.5 million or 18.8%, attributable to increases of \$81 million in capital project support from the City's general obligation bonds, \$1.8 million in Traffic Congestion Mitigation Tax fund, \$1.7 million in nonprofit garage capital improvement account, \$0.8 million in revenue collections on behalf of

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Management's Discussion and Analysis (Unaudited)

June 30, 2022

other agencies, offset by decreases of \$13 million in capital funding from revenue bonds, \$10.7 million in collections levied from Transit Sustainability Fees, and \$3.1 million in funds held by the trustee.

The capital assets increased by \$296.1 million or 5.4%, mainly from procurement of new revenue vehicles of \$102.1 million and Central Subway Project construction in progress of \$47.4 million. The remaining \$146.6 million was from the recording of lease assets due to the implementation of GASB Statement No. 87, *Leases*.

Total noncurrent liabilities decreased by \$658.4 million or 31.3%. The decrease was due to net pension liability of \$757.9 million mainly due to investment gains, economic and demographic assumption changes resulting in a net pension asset in fiscal year 2022, other postemployment benefits liability of \$46.4 million, and vacation and sick leave pay of \$0.4 million. The decrease was offset by increases in debt payable of \$132.8 million, workers' compensation of \$12.9 million, and estimated claims of \$0.6 million.

The largest portion of the \$5,097.8 million SFMTA's net position reflects its \$5,118 million net investment in capital assets (specifically land, building structure and improvements, equipment, infrastructure, intangible assets, and construction in progress). The value of these capital assets of \$8,091.3 million was offset by accumulated depreciation of \$2,339.1 million and related debt of \$634.2 million. More information on capital assets can be found in Note 4 to the financial statements. The SFMTA uses these assets to provide services.

The remainder of the SFMTA's net position is composed of restricted and unrestricted net assets. The restricted net assets include deposits, investments, and receivables, net of payables.

Condensed Summary of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2022 and 2021

(In thousands)

	<u>2022</u>	<u>2021</u>
Revenues:		
Total operating revenues	\$ 316,363	207,288
Total nonoperating revenues, net	402,741	608,678
Total capital contributions	<u>206,540</u>	<u>210,459</u>
Total revenues	925,644	1,026,425
Net transfers	<u>662,362</u>	<u>596,660</u>
Total revenues and net transfers	1,588,006	1,623,085
Expenses:		
Total operating expenses	<u>1,060,176</u>	<u>1,317,073</u>
Change in net position	527,830	306,012
Total net position – beginning	<u>4,570,019</u>	<u>4,264,007</u>
Total net position – ending	<u>\$ 5,097,849</u>	<u>4,570,019</u>

The SFMTA implemented GASB 87, *Leases*, in FY2022. FY2021 balances were not restated.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Management's Discussion and Analysis (Unaudited)

June 30, 2022

Total revenue and net transfers for the year ended June 30, 2022 were \$1,588 million, a decrease of \$35.1 million or 2.2% compared to the prior year. This was due to decreases in nonoperating revenues and capital contributions, offset by increases in operating revenues and net transfers.

Operating revenue increased by \$109.1 million or 52.6% compared to the prior year. This was due to increases in passenger fares revenue by \$43.3 million or 245.1%, parking fees of \$30.4 million or 42.6%, penalties of \$16.7 million or 25.4%, charges for services by \$11.3 million or 64.6%, rental income by \$9.5 million or 172%, and other revenues by \$0.8 million or 124.1%. These increases were offset by decreases in permits revenue by \$2.3 million or 10% and advertising revenue by \$0.6 million or 9.4%. The increase in passenger fares and parking related revenues was due to partial recovery from the impact of COVID-19 pandemic.

The nonoperating revenue includes operating support received from other sources, primarily federal and state operating grants, development fees, and interest income. Nonoperating revenue decreased by \$205.9 million or 33.8%, mainly from federal grants, interest and investment income, and development fees, and increases in interest expense and loss on disposal of assets, offset by increases in state and other operating grants.

Capital contributions consist principally of funds received or receivable from federal, state, and local grant agencies that provide funding for many of the SFMTA's capital projects. There was a decrease in capital expenditures incurred and billable to the grantors in fiscal year 2022 compared to the prior year, mostly related to spending on procurement of new light rails, electric bus, and elevator modernization projects. This resulted in the decrease in capital contribution by \$3.9 million or 1.9% when compared to fiscal year 2021.

Net transfers increased by \$65.7 million or 11% due to \$77.1 million in transfers from the City's General Fund for revenue baseline subsidy, in lieu of parking tax and population-based allocation, \$1.9 million in paratransit operating services support from the San Francisco County Transportation Authority, and \$0.5 million from proceeds of the Traffic Congestion Mitigation Tax. These increases were offset by decreases of \$12.4 million in capital project support from the City's general obligation bonds and \$1.4 million in transfers from other City departments.

Total operating expenses were \$1,060.2 million, a decrease of \$256.9 million or 19.5% compared to the prior year. The resulting net decrease comprises trend changes from various expense categories. Personnel services decreased by \$265.2 million or 31.6%, attributable to significant reduction in pension expenses and other postemployment benefits (OPEB) obligations based on actuarial reports. General and administrative costs net decrease was \$26.2 million or 87.1% mainly due to a decrease in claim liability per actuarial study. Decrease in materials and supplies by \$5.9 million or 7.9% was mostly from vehicle parts & supplies. The offsetting increases were in following categories: other operating expenses, depreciation, services from other City departments, and contractual services. Other operating expenses increased by \$9.4 million or 27.9% with the increases in paratransit costs and noncapitalizable expenditures from the prior year. Depreciation expense increased by \$20.1 million or 10% while services from other City departments increased by \$8.7 million or 11.3% mainly from utilities, legal and risk management services. Increase in contractual services by \$2.2 million or 1.7% was attributable to increases in non-capitalized project costs, transportation consulting services, and facilities and equipment maintenance.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Management's Discussion and Analysis (Unaudited)

June 30, 2022

The tables below illustrate the SFMTA's operating revenues by source and expenses by category for fiscal years 2022 and 2021 as follows:

Operating Revenues Comparative Years ended June 30, 2022 and 2021 (In thousands)

	2022	2021
Passenger fares	\$ 61,010	17,680
Parking and transportation	101,637	71,257
Fines, forfeitures, and penalties	82,524	65,790
Charges for services	28,883	17,544
Licenses, permits, and franchises	21,148	23,503
Advertising	6,016	6,637
Rents and concessions	14,992	5,511
Other	153	(634)
Total operating revenues	\$ 316,363	207,288

Operating Expenses Comparative Years ended June 30, 2022 and 2021 (In thousands)

	2022	2021
Personnel services	\$ 574,306	839,491
Contractual services	131,016	128,803
Materials and supplies	68,776	74,643
Depreciation and amortization	221,279	201,186
Services from other City departments	85,189	76,524
General and administrative	3,868	30,069
Other operating expenses	(24,258)	(33,643)
Total operating expenses	\$ 1,060,176	1,317,073

The SFMTA implemented GASB 87, *Leases*, in FY2022. FY2021 balances were not restated.

Capital Assets and Debt Administration

Capital Assets

The SFMTA's investment in capital assets amounts to \$5,752.2 million net of accumulated depreciation as of June 30, 2022. This investment includes land and land improvements, building structures and improvements, equipment, infrastructure, intangible assets, and construction in progress. The increase in capital assets was \$296.1 million or 5.4% compared to the previous year. This increase was attributed to acquisition of new revenue vehicles, continued construction for the Central Subway Project, Muni Forward Program, street

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Management's Discussion and Analysis (Unaudited)

June 30, 2022

improvements, facilities upgrades, and the recording of lease assets due to the implementation of GASB Statement No. 87, *Leases*.

Summary of Capital Assets

(In thousands)

	<u>Balance, June 30, 2022</u>	<u>Balance, June 30, 2021</u>
Capital assets not being depreciated:		
Land	\$ 52,199	52,199
Construction in progress	<u>2,518,487</u>	<u>2,534,906</u>
Total capital assets not being depreciated	<u>2,570,686</u>	<u>2,587,105</u>
Capital assets being depreciated:		
Building structures and improvements	935,559	913,769
Equipment	2,339,078	2,350,277
Infrastructure	<u>2,089,707</u>	<u>1,811,605</u>
Total capital assets being depreciated	<u>5,364,344</u>	<u>5,075,651</u>
Less accumulated depreciation for:		
Building structures and improvements	395,931	371,396
Equipment	1,105,808	1,056,261
Infrastructure	<u>827,702</u>	<u>779,000</u>
Total accumulated depreciation	<u>2,329,441</u>	<u>2,206,657</u>
Total capital assets being depreciated, net	<u>3,034,903</u>	<u>2,868,994</u>
Total capital assets, net	5,605,589	5,456,099
Lease assets, net	<u>146,612</u>	<u>—</u>
Total capital assets, net as reported in the statement of net position	<u>\$ 5,752,201</u>	<u>5,456,099</u>

The SFMTA implemented GASB 87, *Leases*, in FY2022. FY2021 balances were not restated.

Construction in progress is made up of various transportation projects. The five projects that have the highest balances are the Central Subway, Light Rail Vehicle Procurement, Street Improvements, Facility Upgrades, and Muni Forward Program.

San Francisco recently opened its first new subway in over 40 years, with three new underground stations and one above-ground station joining the Muni Metro T Third line. The \$1.9 billion Central Subway Project links the existing 5.4-mile Phase I T line, beginning at 4th and King Street, to BART, Muni Metro along Market Street, Union Square, and Chinatown to the north. Revenue service commenced on January 7, 2023, and the project is moving towards project closeout.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Management's Discussion and Analysis (Unaudited)

June 30, 2022

Significant capital asset additions included:

Construction in progress – A majority of the \$400.4 million in costs incurred were for the Central Subway Project, light rail vehicle procurement, Muni Forward Program, and street improvements.

Facilities and improvements – The total of \$21.8 million was incurred for facility upgrades, Islais Creek annex renovation projects, and Muni Forward Program.

Equipment – The total of \$80.3 million was incurred mainly for facility upgrades, light rail, motor bus, and paratransit vehicles procurement.

Infrastructure – The total of \$278.1 million was incurred mainly for Muni Forward Program, street improvements, rail replacement, facility upgrades, and traffic sign installation and calming.

Debt Administration

At June 30, 2022, the SFMTA's bond debt obligations outstanding totaled \$468.6 million. The following table summarizes the balances in debt between fiscal years 2022 and 2021 (in thousands):

	<u>2022</u>	<u>2021</u>
Bonds payable	\$ 468,640	473,729

These amounts represent bonds secured by all revenues except for City General Fund allocations and restricted sources.

The SFMTA's total bond-related debt decreased by \$5.1 million or 1.1% due to principal payments and amortization of issuance premium. The SFMTA carried underlying debt ratings of A+ from Standard & Poor's Global Ratings and Aa3 from Moody's Investors Service as of June 30, 2022.

More detailed information about the SFMTA's debt activity is presented in Note 6 to the financial statements.

FY2023 and FY2024 Budget

The SFMTA's adopted two-year operating budget supports its strategic plan goals and transit-first policy principles. The approved operating budgets for fiscal years 2023 and 2024 are \$1,354.3 million and \$1,405.7 million, respectively. The budget also includes \$36.4 million in fiscal year 2023 and \$66.7 million in fiscal year 2024 for capital expenditures. The combined total appropriation for operating and capital expenditures and reserves is \$1,390.7 million in fiscal year 2023 and \$1,472.4 million in fiscal year 2024. In addition to the City's Annual Appropriation Ordinance, the SFMTA has a capital budget of \$423.6 million and \$388.1 million in fiscal years 2023 and 2024, respectively.

The budget includes 6,307 full time employees for fiscal year 2023 and 6,450 for fiscal year 2024. Salaries and fringe benefit amounts budgeted in fiscal years 2023 and 2024 total \$946.1 million and \$982.4 million, representing 69.9% and 69.9% of the operating budget, respectively.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Management's Discussion and Analysis (Unaudited)

June 30, 2022

The SFMTA is reliant on downtown San Francisco office workers for the generation of three primary revenue sources: passenger fares, parking fees/fines, and the City's General Fund. The slow return of office workers to downtown San Francisco will continue to depress ridership, parking revenues, and the tax base underpinning General Fund allotment, likely beyond the end of fiscal year 2023. Therefore, the SFMTA will restore transit service consistent with the pace of the recovery in San Francisco, changes in transportation and parking patterns, and resource availability. This will allow the SFMTA to fill critical positions and hire the staff to provide services consistent with demand.

Requests for Information

This report is designed to provide a general overview of the SFMTA's finances for all those with a general interest. The financial statements and related disclosures in the notes to the financial statements and supplemental information are presented in accordance with U.S. generally accepted accounting principles. Questions regarding any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial and Administrative Officer, SFMTA, One South Van Ness Avenue, 7th Floor, San Francisco, CA 94103.

Questions regarding the City and County of San Francisco or a request for a copy of the City's Annual Comprehensive Financial Report should be addressed to the Office of the Controller, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 316, San Francisco, CA 94102.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Statement of Net Position

June 30, 2022

(In thousands)

Assets:

Current assets:

Cash and investments with City Treasury	\$	840,113
Cash and investments held outside City Treasury		3,472
Cash on hand		136
Receivables:		
Grants		79,515
Due from the San Francisco County Transportation Authority		52,175
Charges for services (net of allowance for doubtful accounts of \$105)		4,708
Lease and related interest receivable		10,127
Interest and other		8,519
Total receivables		155,044
Inventories		84,904
Current prepaids and other assets		635
Total current assets		1,084,304

Noncurrent assets:

Restricted assets:

Cash and investments with City Treasury	361,492
Cash and investments held outside City Treasury	7,086
Other receivables	352
Total restricted assets	368,930
Lease receivable	87,989
Net pension asset	355,509
Capital assets, net	5,752,201
Total noncurrent assets	6,564,629
Total assets	7,648,933

Deferred outflows of resources:

Unamortized loss on refunding of debt	843
Related to pensions	184,849
Related to other postemployment benefits	120,099
Total deferred outflows of resources	\$ 305,791

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Statement of Net Position

June 30, 2022

(In thousands)

Liabilities:

Current liabilities:

Due to other funds	\$ 443
Accounts payable and accrued expenses	118,163
Accrued payroll	43,997
Accrued vacation and sick leave	29,502
Accrued workers' compensation	27,955
Accrued claims	47,258
Grants received in advance	54,492
Unearned revenue and other liabilities	15,217
Payable from restricted assets	10,068
Accrued interest payable	5,214
Bonds, loans, leases, and other payables	15,315
Total current liabilities	367,624

Noncurrent liabilities:

Accrued vacation and sick leave, net of current portion	26,411
Accrued workers' compensation, net of current portion	126,669
Accrued claims, net of current portion	67,405
Other postemployment benefits obligation	611,518
Bonds, loans, leases, and other payables, net of current portion	614,546
Total noncurrent liabilities	1,446,549
Total liabilities	1,814,173

Deferred inflows of resources:

Related to leases	91,766
Related to pensions	844,704
Related to other postemployment benefits	106,232
Total deferred inflows of resources	1,042,702

Net position:

Net investment in capital assets	5,117,969
Restricted:	
Debt service	4,728
Other purposes	354,134
Unrestricted	(378,982)
Total net position	\$ 5,097,849

See accompanying notes to financial statements.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2022

(In thousands)

Operating revenues:	
Passenger fares	\$ 61,010
Parking and transportation	101,637
Fines, forfeitures, and penalties	82,524
Charges for services	28,883
Licenses, permits, and franchises	21,148
Advertising	6,016
Rents and concessions	14,992
Other	<u>153</u>
Total operating revenues	<u>316,363</u>
Operating expenses:	
Personnel services	574,306
Contractual services	131,016
Materials and supplies	68,776
Depreciation and amortization	221,279
Services from other City departments	85,189
General and administrative	3,868
Other operating expenses	<u>(24,258)</u>
Total operating expenses	<u>1,060,176</u>
Operating loss	<u>(743,813)</u>
Nonoperating revenues (expenses):	
Operating assistance:	
Federal	256,183
State and other grants	177,783
Interest and investment loss	(27,479)
Interest expense	(16,073)
Other, net	<u>12,327</u>
Total nonoperating revenues, net	<u>402,741</u>
Loss before capital contributions and transfers	<u>(341,072)</u>
Capital contributions:	
Federal	64,991
State and others	<u>141,549</u>
Total capital contributions	<u>206,540</u>
Transfers in:	
City and County of San Francisco – General Fund	519,733
San Francisco County Transportation Authority	9,982
City and County of San Francisco – Other City departments	<u>133,467</u>
Total transfers in	663,182
Transfers out:	
City and County of San Francisco – Other City departments	<u>(820)</u>
Net transfers	<u>662,362</u>
Change in net position	527,830
Net position at beginning of year	<u>4,570,019</u>
Total net position, end of year	\$ <u><u>5,097,849</u></u>

See accompanying notes to financial statements.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Statement of Cash Flows

Year ended June 30, 2022

(In thousands)

Cash flows from operating activities:	
Cash received from passengers and service contracts	\$ 283,722
Cash received from fines, forfeitures, and penalties	82,541
Cash received from tenants for rent	4,391
Cash paid to employees for services	(852,627)
Cash paid to suppliers for goods and services	(318,945)
Cash paid for judgments and claims	(6,883)
Net cash used in operating activities	<u>(807,801)</u>
Cash flows from noncapital financing activities:	
Operating grants	424,951
Net transfers	662,362
Other noncapital increases	7,213
Net cash provided by noncapital financing activities	<u>1,094,526</u>
Cash flows from capital and related financing activities:	
Capital grants	256,777
Proceeds from sale of capital assets	164
Acquisition of capital assets	(312,811)
Other capital financing increases	13,417
Retirement of leases, bonds, and loans	(10,084)
Interest paid on long-term debt	(17,101)
Net cash used in capital and related financing activities	<u>(69,638)</u>
Cash flows from investing activities:	
Interest and investment income (loss)	<u>(29,530)</u>
Net cash used in investing activities	<u>(29,530)</u>
Net increase in cash and cash equivalents	187,557
Cash and cash equivalents – beginning of year	<u>1,024,742</u>
Cash and cash equivalents – end of year	<u><u>\$ 1,212,299</u></u>

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Statement of Cash Flows

Year ended June 30, 2022

(In thousands)

Reconciliation of operating loss to net cash used in operating activities:

Operating loss	\$ (743,813)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	221,279
Changes in operating assets and liabilities:	
Receivables	894
Inventories	(2,376)
Prepaid and others	289
Accounts payable and accrued expenses	13,232
Accrued payroll	3,943
Accrued vacation and sick leave	(275)
Accrued workers' compensation	15,603
Accrued claims	(14,931)
Other postemployment benefits obligation	(39,408)
Net pension liability/asset	(258,184)
Due to other funds	318
Unearned revenues and other liabilities	(4,372)
Net cash used in operating activities	<u>\$ (807,801)</u>

Reconciliation of cash and cash equivalents to the statement of net position:

Cash and investments with City Treasury:	
Unrestricted	\$ 840,113
Restricted	361,492
Cash and investments held outside City Treasury:	
Unrestricted	3,472
Restricted	<u>7,086</u>
Total deposits and investments	1,212,163
Cash on hand	<u>136</u>
Total cash and investments, end of year	<u>\$ 1,212,299</u>

See accompanying notes to financial statements.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

(1) Description of Reporting Entity

The San Francisco Municipal Transportation Agency (SFMTA) is governed by the SFMTA Board of Directors, who are appointed by the Mayor and Board of Supervisors. The SFMTA's financial statements include the entire City and County of San Francisco's (the City) surface transportation network that encompasses pedestrians, bicycling, transit (Muni), traffic and on- and off-street parking, regulation of the taxi industry, and two nonprofit parking garage corporations operated by separate nonprofit corporations whose operations are interrelated. All significant inter-entity transactions have been eliminated. The SFMTA is an integral part of the City, and these statements are reported as a major enterprise fund in the City's Annual Comprehensive Financial Report. The accompanying financial statements present only the financial position, the changes in financial position, and cash flows of SFMTA and do not purport to, and do not, present fairly the financial position of the City, the changes in its financial position, and its cash flows in accordance with U.S. generally accepted accounting principles.

The SFMTA was established by voter approval of the addition of Article VIIIA to the Charter of the City (the Charter) in 1999 (Proposition E). The purpose of the Charter amendment was to consolidate all surface transportation functions within a single City department and to provide the transportation system with the resources, independence, and focus necessary to improve transit service and the City's transportation system. The voters approved additional Charter amendments: (1) in 2007 (Proposition A), which increased the autonomy of and revenue to the SFMTA; (2) in 2010 (Proposition G), which increased management flexibility related to labor contracts; (3) in 2014 (Proposition A), which provided \$500 million in general obligation bonds for transportation and street infrastructure; (4) in 2014 (Proposition B), which increases general fund allocation to SFMTA based on the City's population increase; and (5) in 2019 (Proposition D), which imposes tax on fares charged by commercial shared and private rides to fund transportation operations and infrastructure for traffic congestion mitigation in the City.

Muni is one of America's oldest public transit agencies, the largest in the Bay Area, and eighth largest system in the United States. Operating historic streetcars, modern light rail vehicles, diesel buses, alternative fuel vehicles, electric trolley coaches, and the world-famous cable cars, Muni's fleet is among the most diverse in the world.

The SFMTA's Sustainable Streets initiates and coordinates improvements to the City's streets, transit, bicycles, pedestrians, and parking infrastructure. It manages 21 City-owned garages and 18 metered parking lots. In March 2009, the former Taxi Commission was merged with the SFMTA under the Taxis, Access and Mobility Services Division which regulates taxis and enhances mobility in the City.

Nonprofit corporations provide operational oversight to two garages, namely Japan Center Garage Corporation (Japan Center) and Portsmouth Plaza Parking Corporation (Portsmouth). Of these two garages, Portsmouth garage is owned by the Recreation and Park Department but managed by the SFMTA. The financial statements of these nonprofit garages, which are audited by other auditors, are provided to the SFMTA and accounted for in the parking garages account.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

(2) Significant Accounting Policies

(a) *Measurement Focus and Basis of Accounting*

The activities of the SFMTA are reported using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Under this method, revenues are recorded when earned and expenses are recorded when the related liabilities are incurred. When both restricted and unrestricted resources are available for use, it is generally SFMTA's policy to use unrestricted resources first, and then use restricted resources when they are needed.

The SFMTA distinguishes operating revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses primarily result from the public using the surface transportation system. The principal operating revenue is generated from passenger fares, meter parking, garage parking fees, fines, parking permits, and fees collected from advertisements on the SFMTA property. All other revenues such as operating assistance grants, interest income, and development fees are considered nonoperating revenues. Operating expenses of the SFMTA include costs associated with providing transportation services, including personnel costs, contractual services, materials and supplies, depreciation on capital assets, support services from other City departments, and other related expenses. All expenses not meeting this definition are reported as nonoperating expenses.

(b) *New Accounting Standards Adopted in Fiscal Year 2022*

(i) *GASB Statement No. 87*

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. GASB Statement No. 87 establishes a single model for lease accounting and requires reporting of certain lease assets, liabilities, and deferred inflows that currently are not reported. The new standard is effective for periods beginning after June 15, 2021. The SFMTA implemented the provisions of GASB Statement No. 87 in fiscal year 2022. As a result of adoption, the cumulative effect of applying this Statement was recorded as SFMTA's beginning balances for the following accounts as of July 1, 2021 (in thousands):

	<u>Total</u>
Lease receivable – current	\$ 4,197
Lease receivable – long-term	97,479
Right-to-use assets	156,252
Deferred inflows – lease	(101,676)
Lease liability – current	(6,269)
Lease liability – long-term	(149,983)

(ii) *GASB Statement No. 89*

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. GASB Statement No. 89 requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

incurred and no longer included in the historical cost of capital assets. The new standard is effective for periods beginning after December 15, 2020. The SFMTA adopted the provisions of this Statement, which did not have a significant impact on its financial statements.

(iii) *GASB Statement No. 92*

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. GASB Statement No. 92 addresses various topics related to postemployment benefits and other issues. The new standard is effective for periods beginning after June 15, 2021. The SFMTA adopted the provisions of this Statement, which did not have a significant impact on its financial statements.

(iv) *GASB Statement No. 93*

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates (IBORs)*. GASB Statement No. 93 addresses the accounting and financial reporting effects of replacement of interbank offering rates with other reference rates in agreements that reference an interbank offering rate. The new standard is effective for periods beginning after June 15, 2021. The SFMTA adopted the provisions of this Statement, which did not have a significant impact on its financial statements.

(c) Effects of Future Pronouncements

(i) *GASB Statement No. 91*

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. GASB Statement No. 91 clarifies the definition of conduit debt and establishes new recognition, measurement, and disclosure requirements. The new standard is effective for periods beginning after December 15, 2021. SFMTA will implement the provisions of GASB Statement No. 91 in fiscal year 2023.

(ii) *GASB Statement No. 94*

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. GASB Statement No. 94 establishes standards for public-private and public-public partnerships (PPPs) and availability payment arrangements. A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An availability payment arrangement is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The new standard requires reporting of related assets and deferred inflows that currently are not reported. The new standard is effective for periods beginning after June 15, 2022. SFMTA will implement the provisions of GASB Statement No. 94 in fiscal year 2023.

(iii) *GASB Statement No. 96*

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. GASB Statement No. 96 defines such arrangements as contracts that convey control of the right to use another party's information technology software, alone or in

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The standard clarifies measurement and recognition of capitalizable costs, intangible assets, and subscription liabilities for such arrangements and also requires additional disclosures related to such arrangements. The new standard is effective for periods beginning after June 15, 2022. SFMTA will implement the provisions of GASB Statement No. 96 in fiscal year 2023.

(iv) *GASB Statement No. 99*

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. GASB Statement No. 99 addresses a variety of topics. The requirements related to extension of the use of the London Interbank Offered Rate, accounting for Supplemental Nutrition Assistance Program distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance and did not have a significant impact on the SFMTA's financial statements for the year ended June 30, 2022. The requirements related to leases, public-public and public-private partnerships, and subscription-based information technology arrangements are effective for fiscal years beginning after June 15, 2022 and effective for the year ending June 30, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023 and effective for the year ending June 30, 2024.

(v) *GASB Statement No. 100*

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. GASB Statement No. 100 defines various types of accounting changes and prescribes accounting, reporting, and disclosure requirements for accounting changes and error corrections. The new standard is effective for periods beginning after June 15, 2023. SFMTA will implement the provisions of GASB Statement No. 100 in fiscal year 2024.

(vi) *GASB Statement No. 101*

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. GASB Statement No. 101 requires that liabilities for compensated absences be recognized if the leave is attributable to services already rendered and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means and establishes definitions, guidance, and disclosure requirements related to compensated absences. The new standard is effective for periods beginning after December 15, 2023. SFMTA will implement the provisions of GASB Statement No. 101 in fiscal year 2025.

(d) Cash and Cash Equivalents and Investments

The SFMTA maintains its deposits and investments and a portion of its restricted deposits and investments as part of the City's pool of cash and investments pursuant to the City Charter's requirements. The SFMTA's portion of this pool is displayed on the statement of net position as "Cash and investments with City Treasury." Income earned or losses arising from pooled investments are allocated on a monthly basis to appropriate funds and entities based on their average daily cash balances.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, the City reports certain investments at fair value in the statement of net position and recognizes the corresponding change in fair value of investments in the year in which the change occurred as a component of nonoperating revenues (expenses).

The SFMTA considers its pooled deposits and investments with the City Treasury to be demand deposits and, therefore, cash equivalents for the purposes of the statement of cash flows. The City also may hold nonpooled deposits and investments for the SFMTA. Nonpooled restricted deposits and highly liquid investments with original maturities of three months or less are considered to be cash equivalents.

(e) Inventories

Inventories are valued using the average cost method. Inventories are expensed using the consumption method.

Rebuilt inventory items include motors, transmission, and other smaller parts that are removed from existing coaches that are overhauled and repaired.

(f) Capital Assets

Capital assets are stated at cost. All construction in progress items over \$100,000 and nonconstruction in progress items over \$5,000 are capitalized. Artifacts held for public exhibition are not capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which ranges from 1 to 60 years for building structures and improvements, infrastructure, equipment, depreciable land improvement, and intangible assets. Generally, no depreciation is recorded in the year of acquisition, and a full year's depreciation is taken in the year of disposal.

Building structures and improvements	2 to 60 years
Infrastructure	1 to 60 years
Equipment	1 to 30 years
Land improvement, depreciable	5 to 50 years
Intangible assets	5 to 20 years

(g) Construction in Progress

Construction in progress represents the design and construction costs of various uncompleted projects. As facilities are accepted by the SFMTA and become operative, they are transferred to building structures and improvements, infrastructure, and equipment accounts and depreciated in accordance with the SFMTA's depreciation policies. Costs of construction projects that are discontinued are recorded as expense in the year in which the decision is made to discontinue such projects.

(h) Bond Premium, Issuance Costs, and Refunding of Debt

Bond issuance costs related to prepaid insurance costs are capitalized and amortized using the effective interest method. Other bond issuance costs are expensed when incurred. Original issue bond discount or premium are offset against the related debt and are also amortized using the effective interest method. Deferred outflows/inflows of resources from refunding of debt are recognized as a

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

component of interest expense using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter.

(i) *Accrued Vacation and Sick Leave*

Accrued vacation pay, which vests and may be accumulated up to 10 weeks per employee, is charged to expense as earned. Unused sick leave accumulated on or prior to December 6, 1978 is vested and payable upon termination of employment by retirement, death, or disability caused by industrial accident. Sick leave earned subsequent to that date is nonvesting and is charged to expense when used. The amount of allowable accumulation is set forth in various memorandums of understanding but is generally limited to six months per employee.

(j) *Net Position*

SFMTA financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Restricted category represents net assets that have external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation and includes amounts restricted for debt service and liabilities. At June 30, 2022, SFMTA reported \$4.7 million restricted assets related to debt service and \$354.1 million restricted by legislation. The net investment in capital assets category includes capital assets net of accumulated depreciation and outstanding balances of debt attributable to the acquisition, construction, or improvement of those assets. Unrestricted is the residual amount not included in the above categories.

(k) *Capital Grants and Contributions*

Capital grants and contributions from external sources are recognized as capital contribution earned when applicable eligibility requirements are met, such as the time reimbursable expenditures related to the grants are incurred.

The U.S. Department of Transportation, through the Federal Transit Administration (FTA), provides capital assistance to the SFMTA for the acquisition and construction of transit-related property and equipment. This assistance generally approximates 80% of acquisition cost and is administered through the Metropolitan Transportation Commission (MTC). The capital assistance provided to the SFMTA by the California Transportation Commission and San Francisco County Transportation Authority (SFCTA) is generally used as a local match to the federal capital assistance. Additional capital assistance provided to the SFMTA by other agencies is administered by MTC and is also generally used as a local match for the federal capital assistance.

(l) *Operating Assistance Grants*

Operating assistance grants are recognized as revenue when approved by the granting authority and/or when related expenditures are incurred.

The SFMTA receives operating assistance from federal and various state and local sources. Transportation Development Act funds are received from the City to meet, in part, the SFMTA's operating requirements based on annual claims filed with and approved by the MTC. Sales tax

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

represents an allocation by the MTC of the one-half cent transactions and use tax collected within San Francisco County for transit services.

Additionally, the SFMTA receives funding from the U.S. Department of Transportation through the Federal Highway Administration, California Transportation Commission, and the MTC to provide safe, accessible, clean, and environmentally sustainable service through transportation programs.

(m) Development Fees

Development fees to fund transportation projects are derived from three main sources. These include the following:

The Transportation Sustainability Fee (TSF) is a citywide transportation fee placed on new development in the City. The TSF, established in November 2015, expanded the previous Transportation Impact Development Fee to include market-rate residential development and certain large institutions. The fee was established so developers pay their fair share for transportation impacts from new residents and workers. TSF funds transit capital maintenance, transit capital facilities, and complete streets infrastructure.

Developer exactions are specific developer contributions to transportation infrastructure as defined in negotiated development agreements. Development agreements are contracts entered into by the City and a developer to expressly define a development project's rules, regulations, commitments, and policies for a specific period of time. These contributions can be in addition to or in lieu of community improvement impact fees.

The City imposes community improvement impact fees on specific development projects in order to help address the impacts caused by new development on public services, infrastructure, and facilities citywide and in certain neighborhoods. Fees are collected by the Planning Department, and a portion is directed to the SFMTA depending on the area from which the fees are collected. These fees are administered by the Interagency Plan Implementation Committee (IPIC), established by the Board of Supervisors, and the SFMTA is a member. The IPIC makes recommendations for area plans with respect to capital project funding.

Development fees of \$13.8 million are recorded as nonoperating revenue in the accompanying statement of revenues, expenses, and changes in net position.

(n) Pensions

Information about the fiduciary net position of the San Francisco City and County Employees' Retirement System plan (SFERS Plan) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Contributions are recognized in the period in which they are due pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

(o) Other Postemployment Benefits (OPEB)

As prescribed under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense are actuarially determined on a citywide basis. Net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees attributed to those employees' past service, less the amount of the Retiree Healthcare Trust Fund investments measured at fair value.

(p) Leases

Leases are defined as a contract that conveys control of the right to use another entity's underlying asset for a specified period. The SFMTA is a lessee and lessor for various noncancellable leases of land, building, equipment, advertising space, easement, etc.

Short-term Leases

For leases with a maximum possible term of 12 months or less at commencement, the SFMTA recognizes lease revenue for SFMTA as lessor lease or lease expense for SFMTA as lessee lease based on the provisions of the lease contract. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period.

Leases Other Than Short-term

For all other leases that are not short-term, the SFMTA recognizes a lease liability and intangible right-to-use lease asset for SFMTA as lessee leases, or lease receivable and deferred inflow of resources for SFMTA as lessor leases.

Measurement of Lease Amounts (Lessee)

The SFMTA's lease liability is recorded at the present value of future minimum lease payments as of the date of inception. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized into depreciation and amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. If the City is reasonably certain of exercising a purchase option contained in a lease, the lease asset will be amortized over the useful life of the underlying asset.

Measurement of Lease Amounts (Lessor)

The SFMTA's lease receivable is measured at the present value of payments expected to be received during the lease term, reduced by any provision of estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments collected. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term, plus lease payments received from the lessee at or before the commencement of the lease term that related to

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

future periods. Subsequently, the deferred inflow of resources is recognized as lease revenue on a straight-line basis over the lease term.

Key Estimates and Judgments

Key estimates and judgments include how the SFMTA determines (a) the discount rate it uses to calculate the present value of the expected lease payments, (b) lease terms, (c) lease payments, and (d) materiality threshold for equipment.

- The SFMTA generally uses its estimated incremental borrowing rate (IBR) as the discount rate for leases unless the rate implicit in the lease. The City's IBR is established using the average of Municipal Market Data (MMD) AAA benchmark interest rate index by maturity date (year 1 to 30+), plus the average credit spread based on City's Aa/AA, COP, Tax-exempt to generate the yield curve, and discount rate table. The City's IBR for leases is based on the rate of interest it would need to pay if it issued general obligation bonds to borrow an amount equal to the lease payments under similar terms at the commencement or remeasurement date.
- The lease term includes the noncancellable period of the lease, plus any additional periods covered by either lessee or lessor unilateral option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the lessee and lessor have an option to terminate (or if both parties have to agree to extend) are excluded from the lease term.
- Payments are evaluated by the SFMTA to determine if they should be included in the measurement of the lease receivables or lease liabilities, including those payments that require a determination of whether they are reasonably certain of being made, such as residual value guarantees, purchase options, payments for termination penalties, and other payments.
- Equipment leases have a capitalization threshold of \$100,000. 70% below market rent and/or ground leases determined to be below market rent (BMR) are excluded from lease capitalization.

Remeasurement of Lease

The SFMTA monitors changes in circumstances that may require remeasurement of a lease. When certain changes occur that are expected to significantly affect the amount of the lease receivable or lease liability, the receivable or liability is remeasured and a corresponding adjustment is made to the deferred inflow of resources or lease asset, respectively.

Presentation in Statement of Net Position

Lease assets are reported with capital assets, lease liabilities are reported with long-term debt in the statement of net position.

(q) Use of Estimates

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

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

(3) Cash and Investments

Pursuant to the City Charter, the SFMTA maintains its cash and investments with the City Treasury and a portion of its restricted asset deposits as part of the City's pool of cash and investments. The City's investment pool is an unrated pool pursuant to investment policy guidelines established by the City Treasurer. The objectives of the policy are, in order of priority, preservation of capital, liquidity, and yield. The policy addresses soundness of financial institutions in which the City will deposit funds, types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity. The Annual Comprehensive Financial Report of the City categorizes the level of common deposits and investment risks associated with the City's pooled cash and investments. As of June 30, 2022, the SFMTA's unrestricted and restricted cash and investments with City Treasury totaled \$1,201.6 million, which represents 8% of the City's investment pool.

The unrestricted cash and investments outside the City Treasury are cash held by the two remaining nonprofit parking garage corporations totaling \$1.4 million, taxi medallion collateral sale of \$1.9 million, and revolving fund of \$0.2 million. The SFMTA had restricted cash and investments of \$4.7 million held by an independent trustee outside the City's investment pool and \$2.4 million held at commercial banks covered by depository insurance.

The following table shows the percentage distribution of the City's pooled investments by maturity:

Investment maturities (in months)			
Under 1	1 to less than 6	6 to less than 12	12–60
20.2%	14.0%	14.9%	50.9%

The following table shows the restricted cash and investments outside of City Treasury as of June 30, 2022 (in thousands):

Restricted cash and investments outside City Treasury			
Investment	Fair value measurement	Maturities	Fair value
Money market funds	Exempt	Less than 1 month	\$ 4,728

Fair Value Hierarchy – The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The inputs and techniques used for valuing securities are not necessarily an indication of risk associated with investing in those securities.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

(4) Capital Assets

Capital asset balances and their movements as of and for the year ended June 30, 2022 are as follows (in thousands):

	<u>Balance, July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2022</u>
Capital assets not being depreciated:				
Land	\$ 52,199	—	—	52,199
Construction in progress	2,534,906	400,360	(416,779)	2,518,487
Total capital assets not being depreciated	2,587,105	400,360	(416,779)	2,570,686
Capital assets being depreciated:				
Building structures and improvements	913,769	21,831	(41)	935,559
Equipment	2,350,277	80,346	(91,545)	2,339,078
Infrastructure	1,811,605	278,102	—	2,089,707
Total capital assets being depreciated	5,075,651	380,279	(91,586)	5,364,344
Less accumulated depreciation for:				
Building structures and improvements	371,396	24,535	—	395,931
Equipment	1,056,261	138,404	(88,857)	1,105,808
Infrastructure	779,000	48,702	—	827,702
Total accumulated depreciation	2,206,657	211,641	(88,857)	2,329,441
Total capital assets, net excluding lease asset	2,868,994	168,638	(2,729)	3,034,903
Total capital assets, net	\$ 5,456,099	568,998	(419,508)	5,605,589
Lease assets, net (Note 7)				146,612
Total capital assets, net as reported in the statement of net position				\$ 5,752,201

Certain buses, light rail vehicles, vans, trucks, and other equipment were sold, disposed, and retired during 2022. The net loss on disposal or retirement is \$2.3 million.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

Construction in progress consists of the following projects as of June 30, 2022 (in thousands):

Central Subway	\$	1,943,341
Light Rail Vehicle Procurement		187,656
Street Improvements		116,277
Facility Upgrades		60,902
Muni Forward Program		49,896
Traffic Signal Upgrades		36,326
New Asset Management System		23,815
Trolley Bus Procurement		21,600
Rail Replacement		14,344
Central Control System Upgrades		13,080
New Flyer Midlife Overhaul		11,579
Customer Information System		8,832
Traffic Sign Installation/Traffic Calming		8,485
Cable Car Gearbox Rehab		7,350
Motor Bus Hybrid Procurement		5,070
Historic Street Car Renovation		908
Security Projects		849
Islais Creek-Woods Annex		842
Electric Vehicle Charge Station		719
Paratransit vehicles		99
Trolley Overhead Reconstruction		34
Others		6,483
	\$	<u>2,518,487</u>

(5) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses was \$118.2 million at June 30, 2022. This category consists of liabilities for goods and services either evidenced by vouchers approved for payment but not paid as of June 30, accrued expenses for amount owed to private persons or organizations for goods and services, and construction contracts retainage payable.

As of June 30, 2022, accounts payable and accrued expenses consisted of the following (in thousands):

Vouchers payable and accruals	\$	110,362
Contracts retainage		<u>7,801</u>
Total accounts payable and accrued expenses	\$	<u>118,163</u>

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

(6) Long-Term Debt and Loans

In 2007, San Francisco voters approved Proposition A, which authorized the SFMTA to issue revenue bonds and other forms of indebtedness without further voter approval but with approval by the SFMTA Board of Directors and concurrence by the Board of Supervisors.

(a) Series 2021A and B Revenue Refunding Bonds

In February 2021, the SFMTA issued Revenue Refunding Bonds, Series 2021A and B in the total amount of \$174.9 million to refund all outstanding Series 2012A and B, Series 2013, and Series 2014 revenue bonds. The Series 2021A bonds bear interest at fixed rates between 0.249% and 2.804% and have a final maturity on March 1, 2044. The Series 2021B bonds bear interest at a fixed rate of 4% and have a final maturity on March 1, 2031.

The net proceeds of \$176.3 million (consisting of the \$170.5 million par amount of the Series 2021A bonds and \$4.5 million par amount and \$1.3 million original issue premium of the Series 2021B bonds) were used to pay \$0.4 million underwriter discount and \$0.6 million in costs of issuance, and deposit \$175.3 million into irrevocable escrow funds with the trustee to defease and refund \$156.2 million in revenue bonds described below (in thousands):

	<u>Refunded</u>	<u>Rate</u>	<u>Price</u>
Revenue Bond:			
Series 2012A	\$ 11,690	5.0%	100%
Series 2012B	25,835	3.0%–5.0%	100
Series 2013	56,190	4.0%–5.0%	100
Series 2014	62,495	3.5%–5.0%	100
Total	\$ <u>156,210</u>		

The refunded bonds were defeased and redeemed on March 1, 2021. Accordingly, the liabilities for these bonds have been removed from the accompanying statement of net position. Although the refunding resulted in the recognition of a deferred accounting loss of \$0.9 million, the SFMTA obtained an economic gain (the difference between the present value of the old debt and the new debt) of \$24.5 million or 15.7% of the refunded bonds.

(b) Series 2021C Revenue Bonds

In March 2021, the SFMTA issued its Revenue Bonds, Series 2021C in the total amount of \$104.3 million. The net proceeds of \$123.3 million (consisting of \$104.3 million of the Series 2021C bonds plus original issue premium of \$19 million) were used to pay \$0.2 million underwriter discount, \$0.6 million in costs of issuance, \$4.5 million in capitalized interests, and fund \$118 million for various transit and parking capital projects for the SFMTA. The Series 2021C bonds bear interest at fixed rates between 4% and 5% and have a final maturity on March 1, 2051.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

(c) Series 2017 Revenue Bonds

In June 2017, the SFMTA issued its Revenue Bonds, Series 2017 in the total amount of \$177.8 million. The net proceeds of \$192.1 million (consisting of \$177.8 million of the Series 2017 bonds plus original issue premium of \$14.3 million) were used to pay \$1.1 million underwriter discount and \$1 million in costs of issuance and fund \$190 million for various transit and parking capital projects for the SFMTA. The Series 2017 bonds bear interest at fixed rates between 3% and 5% and have a final maturity on March 1, 2047.

The following table is a summary of long-term obligations on bonds for the SFMTA (in thousands):

	<u>Final maturity date</u>	<u>Remaining interest rate</u>	<u>Balance</u>
Revenue Bonds Series 2017	2047	3.0%–5.0%	\$ 169,784
Revenue Refunding Bonds Series 2021A	2044	0.249%–2.804%	170,470
Revenue Refunding Bonds Series 2021B	2031	4.0%	5,652
Revenue Bonds Series 2021C	2051	4.0%–5.0%	122,734
Total long-term obligations			<u>\$ 468,640</u>

The bond debt service requirements are as follows (in thousands):

	<u>Principal</u>	<u>Bond interest</u>	<u>Total</u>
Year ending June 30:			
2023	\$ 8,865	14,181	23,046
2024	13,945	13,984	27,929
2025	14,180	13,750	27,930
2026	14,445	13,481	27,926
2027	14,745	13,184	27,929
2028–2032	79,565	60,073	139,638
2033–2037	65,905	49,840	115,745
2038–2042	69,680	40,076	109,756
2043–2047	81,010	27,051	108,061
2048–2051	76,890	8,853	85,743
	<u>\$ 439,230</u>	<u>254,473</u>	<u>693,703</u>

The SFMTA's debt policy is that the aggregate annual debt service on long-term debt cannot exceed 5% of SFMTA's annual operating expenses. SFMTA met the requirement for the fiscal year ended 2022. The SFMTA also sets aside an operational debt reserve to provide liquidity in connection with its outstanding debt. The reserve is maintained at an amount equal to at least one year of its annual debt service requirement. The operational debt reserve was \$19.3 million in fiscal year 2022.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

Events of default, under the indenture of trust, include failure to pay the principal amount and any installment of interest, failure to pay the purchase price of any bond tendered for optional or mandatory purchase, failure to comply with certain covenants, or either SFMTA or the City files for bankruptcy. In an event of default, the trustee may declare the principal amount of all the bonds outstanding and interest accrued thereon to be due and payable immediately. In case any proceeding taken by the trustee on account of an event of default is discontinued, the SFMTA, trustee, and bondholders shall be restored to their former positions and rights as if no such proceeding had been taken.

The SFMTA has pledged future revenues to repay various bonds. Proceeds from the revenue bonds provided financing for various capital construction projects and refunded previously issued bonds. These bonds are payable from all SFMTA operating revenues except for City General Fund allocations and restricted sources and are payable through fiscal year 2051.

Annual principal and interest payments for fiscal year 2022 were 11.7% of funds available for revenue bond debt service. The original amount of revenue bonds issued, total principal and interest remaining, principal and interest paid during fiscal year 2022, applicable net revenues, and funds available for bond debt service are as follows (in thousands):

Bonds issued with revenue pledge	\$	457,065
Principal and interest remaining due at the end of the year		693,703
Principal and interest paid during the year		17,680
Net revenues for the year		133,455
Funds available for revenue bond debt service		151,135

On October 1, 2016, Portsmouth entered into a loan agreement with First Republic Bank in a total principal amount of up to \$12.5 million for the garage renovation project. The loan agreement was amended on February 1, 2019 to reduce the maximum loan amount to \$12 million. The drawdowns are limited to once a month for a minimum of \$250,000 each disbursement. The loan has a term of 30 years at 3.3% per annum and is secured with the collateral of all the garage's business assets. The loan agreement requires the corporation to maintain a reserve account restricted for repayment of the loan. As of June 30, 2022, the reserve account held by the lender totaled \$0.8 million. In an event of default, any outstanding amounts become immediately due if the garage is unable to make payment and fails to comply with the debt service coverage ratio of 1.25:1 for each fiscal year. The loan balance was \$11.2 million as of June 30, 2022.

The two remaining nonprofit parking garage corporations obtained Small Business Administration's (SBA) Paycheck Protection Program (PPP) loans. PPP loans have a fixed interest rate of 1.0% per annum with no collateral requirement and five-year maturity. The program allows borrowers to apply for loan forgiveness to cover eligible expenses incurred. Loan payments shall be deferred until SBA remits the loan forgiveness amount to the lender. For any amount of the loan that is not forgiven, the borrowers shall be responsible for the payment of principal and accrued interest within the term of the loan.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

Portsmouth obtained its second PPP loan through First Republic Bank of \$0.2 million on April 12, 2021. Japan Center obtained its second PPP loan of \$0.1 million through California Bank & Trust on February 19, 2021. Portsmouth's and Japan Center's outstanding PPP loans were forgiven on April 5, 2022 and August 6, 2021, respectively.

The SFMTA is not responsible for loan repayments and any aspect of loan performance other than reporting on behalf of another government entity.

The changes in long-term debt for the SFMTA for year ended June 30, 2022 are as follows (in thousands):

	July 1, 2021	Additional obligations, interest accretion, and net increases	Current maturities, retirements, and net decreases	June 30, 2022	Amounts due within one year
Bonds payable:					
Revenue bonds	\$ 442,750	—	(3,520)	439,230	8,865
Add/less unamortized amounts:					
For issuance premiums	30,979	—	(1,569)	29,410	—
Total bonds payable	473,729	—	(5,089)	468,640	8,865
Notes, loans, and other payables	11,860	—	(622)	11,238	327
Total long-term debt and loans	\$ 485,589	—	(5,711)	479,878	9,192
Lease liabilities (Note 7)				149,983	6,123
Total long-term debt and loans as reported in the statement of net position				\$ 629,861	15,315

(7) Leases

(a) The SFMTA as Lessee

The SFMTA has entered into long-term leases for land, office space, communication site, data processing, machinery, and other equipment. The terms and conditions for these leases vary, which range between 1 and 80 years.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

A summary of intangible right-to-use leases during the year ended June 30, 2022 is as follows (in thousands):

	<u>Balance, July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Remeasurements</u>	<u>Balance, June 30, 2022</u>
Right-to-use assets:					
Land	\$ 23,424	—	—	—	23,424
Building/Facility	129,789	—	(12)	—	129,777
Equipment	3,039	—	—	—	3,039
Total lease assets	<u>156,252</u>	<u>—</u>	<u>(12)</u>	<u>—</u>	<u>156,240</u>
Less accumulated depreciation for:					
Right-to-use assets:					
Land	—	339	—	—	339
Building/Facility	—	7,401	(12)	—	7,389
Equipment	—	1,900	—	—	1,900
Total accumulated amortization	<u>—</u>	<u>9,640</u>	<u>(12)</u>	<u>—</u>	<u>9,628</u>
Total lease assets, net	<u>\$ 156,252</u>	<u>(9,640)</u>	<u>—</u>	<u>—</u>	<u>146,612</u>

A summary of changes in the related lease liabilities during the year ended June 30, 2022 is as follows (in thousands):

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Remeasurements</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>	<u>Amounts due within one year</u>
\$	<u>156,252</u>	<u>—</u>	<u>—</u>	<u>6,269</u>	<u>149,983</u>	<u>6,123</u>

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

Future annual lease payments are as follows (in thousands):

	<u>Principal amount</u>	<u>Interest amount</u>	<u>Total</u>
Year ending June 30:			
2023	\$ 6,123	2,580	8,703
2024	4,928	2,501	7,429
2025	5,221	2,424	7,645
2026	5,453	2,343	7,796
2027	5,661	2,256	7,917
2028–2032	23,326	10,053	33,379
2033–2037	29,514	7,721	37,235
2038–2042	38,092	4,633	42,725
2043–2047	8,457	2,182	10,639
2048–2052	—	2,423	2,423
2053–2057	—	2,809	2,809
2058–2062	—	3,256	3,256
2063–2067	—	3,775	3,775
2068–2072	—	4,376	4,376
2073+	23,208	12,779	35,987
	<u>\$ 149,983</u>	<u>66,111</u>	<u>216,094</u>

Variable lease payments, other than those payments that depend on an index or rate or are fixed in substance, are excluded from the measurement of the lease liability. Such amounts are recognized as lease expenses in the period in which the obligation for those payments is incurred.

Certain equipment or facility rental leases require the SFMTA to make variable lease payments that based on usage, index, and insurance payments made by the lessor; these amounts are generally determined annually. The amounts recognized as expense for variable lease payments not included in the measurement of the lease liability were \$1.4 million during the year ended June 30, 2022.

The SFMTA has commitments for leases that have not commenced as of June 30, 2022 and the liability associated with these leases is \$2.8 million.

(b) SFMTA as Lessor

The SFMTA has leased facilities and easements to various tenants. The terms and conditions for these leases vary, which range between 1 and 65 years.

Variable payments include percentage of sales, or payments depended on an index made by the lessee; these amounts are generally determined periodically. The SFMTA did not incur revenue related to residual value guarantees or lease termination penalties. The amounts recognized as revenue for variable lease payments not included in the measurement of the lease receivable were \$2.7 million during the year ended June 30, 2022.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

In fiscal year 2022, the SFMTA recognized \$10.5 million in lease revenue and \$1.4 million in interest income for the related leases.

Principal and interest requirements to maturity for the lease receivable at June 30, 2022 are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2023	\$ 10,003	1,385	11,388
2024	9,860	1,276	11,136
2025	9,451	1,172	10,623
2026	8,942	1,067	10,009
2027	8,231	965	9,196
2028–2032	18,590	3,686	22,276
2033–2037	3,051	3,199	6,250
2038–2042	3,377	2,873	6,250
2043–2047	3,739	2,511	6,250
2048–2052	4,139	2,111	6,250
2053–2057	4,582	1,668	6,250
2058–2062	5,072	1,178	6,250
2063–2067	5,615	635	6,250
2068–2072	3,340	97	3,437
	<u>\$ 97,992</u>	<u>23,823</u>	<u>121,815</u>

(8) Other Long-Term Liabilities

The changes in other long-term obligations for the SFMTA for year ended June 30, 2022 are as follows (in thousands):

	<u>July 1, 2021</u>	<u>Net increases</u>	<u>Net decreases</u>	<u>June 30, 2022</u>	<u>Amounts due within one year</u>
Accrued vacation and sick leave	\$ 56,188	339	(614)	55,913	29,502
Accrued workers' compensation	139,021	43,854	(28,251)	154,624	27,955
Accrued claims	129,594	14,930	(29,861)	114,663	47,258
Other postemployment benefits obligation	657,902	—	(46,384)	611,518	—
Unearned revenue and other liabilities	6,648	10,450	(1,881)	15,217	15,217
Net pension liability	757,882	400	(758,282)	—	—
Total other long-term liabilities	<u>\$ 1,747,235</u>	<u>69,973</u>	<u>(865,273)</u>	<u>951,935</u>	<u>119,932</u>

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

(9) Employee Benefit Plans

(a) *Pensions – City and County of San Francisco*

The SFMTA participates in the City's retirement plan. The San Francisco City and County Employees' Retirement System (Retirement System) administers a cost-sharing multiple-employer defined benefit pension plan (SFERS Plan). For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, pension expense, information about the fiduciary net position of the SFERS Plan, and additions to/deductions from the SFERS Plan's fiduciary net position have been determined on the same basis as they are reported by the SFERS Plan. Contributions are recognized in the period in which they are due pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Replacement Benefits Plan – The Replacement Benefits Plan (RBP) is a qualified excess benefit plan established in October 1989. Internal Revenue Code (IRC) Section 415(m) provides for excess benefit arrangements that legally permit benefit payments above the Section 415 limits, provided that the payments are not paid from the SFERS Plan. The RBP allows the City to pay SFERS retirees any portion of the Charter-mandated retirement allowance that exceeds the annual Section 415(b) limit. The RBP plan does not meet the criteria of a qualified trust under GASB Statement No. 73 because RBP assets are subject to the claims of the employer's general creditors under federal and state law in the event of insolvency.

GASB Statements No. 68 and No. 73 require that the SFERS Plan and RBP reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2020 updated to June 30, 2021
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

SFERS Plan – The City is an employer of the plan with a proportionate share of 94.64% as of June 30, 2021 (measurement date), 0.25% increased from prior year. The SFMTA's allocation percentage was determined based on the SFMTA's employer contributions divided by the City's total employer contributions for fiscal year 2021. The SFMTA's net pension liability, deferred outflows/inflows of resources related to pensions, amortization of deferred outflows/inflows, and pension expense are based on the SFMTA's allocated percentage. The SFMTA's allocation of the City's proportionate share was 14.58% as of the measurement date.

Replacement Benefits Plan – The SFMTA's allocation percentage was determined based on the SFMTA's headcount (both active members and retirees) divided by the City's total headcount for fiscal year 2021. The SFMTA's total pension liability, deferred outflows/inflows of resources related to pensions, amortization of deferred outflows/inflows, and pension expense are based on the SFMTA's allocated percentage. The SFMTA's allocation of the City's proportionate share was 0.5% as of the measurement date.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

SFERS Plan Description

The Plan provides basic service retirement, disability, and death benefits based on specified percentages of defined final average monthly salary and provides annual cost-of-living adjustments after retirement. The Plan also provides pension continuation benefits to qualified survivors. The San Francisco City and County Charter and the Administrative Code are the authorities which establish and amend the benefit provisions and employer obligations of the Plan. The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained on the Retirement System's website or by writing to the San Francisco City and County Employees' Retirement System, 1145 Market Street, 5th Floor, San Francisco, CA 94103 or by calling (415) 487-7000.

SFERS Benefits

The Retirement System provides service retirement, disability, and death benefits based on specified percentages of defined final average monthly salary and annual cost-of-living adjustments (COLA) after retirement. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The Retirement System pays benefits according to the category of employment and the type of benefit coverage provided by the City and County. The four main categories of Plan members are:

- Miscellaneous Non-Safety Members – staff, operational, supervisory, and all other eligible employees who are not in special membership categories.
- Sheriff's Department and Miscellaneous Safety Members – sheriffs assuming office on and after January 7, 2012, and undersheriffs, deputized personnel of the Sheriff's Department, and miscellaneous safety employees hired on and after January 7, 2012.
- Firefighter Members – firefighters and other employees whose principal duties are in fire prevention and suppression work or who occupy positions designated by law as firefighter member positions.
- Police Members – police officers and other employees whose principal duties are in active law enforcement or who occupy positions designated by law as police member positions.

The membership groups and the related service retirement benefits are included in the Notes to the Basic Financial Statements of San Francisco Employees' Retirement System.

All members are eligible to apply for a disability retirement benefit, regardless of age, when they have 10 or more years of credited service and they sustain an injury or illness that prevents them from performing their duties. Safety members are eligible to apply for an industrial disability retirement benefit from their first day on the job if their disability is caused by an illness or injury that they receive while performing their duties.

All retired members receive a benefit adjustment each July 1, which is the Basic COLA. The majority of adjustments are determined by changes in Consumer Price Index (CPI) with increases capped at 2%. The Plan provides for a Supplemental COLA in years when there are sufficient "excess" investment earnings in the Plan. The maximum benefit adjustment each July 1 is 3.5%, including the Basic COLA. Effective July 1, 2012, voters approved changes in the criteria for payment of the Supplemental COLA benefit, so that Supplemental COLAs would only be paid when the Plan is also fully funded on a market

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

value of assets basis. Certain provisions of this voter-approved proposition were challenged in the Courts. A decision by the California Courts modified the interpretation of the proposition. Effective July 1, 2012, members who retired before November 6, 1996 will receive a Supplemental COLA only when the Plan is also fully funded on a market value of assets basis. However, the “full funding” requirement does not apply to members who retired on or after November 6, 1996 and were hired before January 7, 2012. For all members hired before January 7, 2012, all Supplemental COLAs paid to them in retirement benefits will continue into the future even where an additional Supplemental COLA is not payable in any given year. For members hired on and after January 7, 2012, a Supplemental COLA will only be paid to retirees when the Plan is fully funded on a market value of asset basis and in addition for these members, Supplemental COLAs will not be permanent adjustments to retirement benefits. That is, in years when a Supplemental COLA is not paid, all previously paid Supplemental COLAs will expire.

Funding and Contribution Policy

SFERS Plan – Contributions are made by both the City and other participating employees. Employee contributions are mandatory as required by the Charter. Employee contribution rates varied from 7.5% to 13% as a percentage of gross covered salary in fiscal years 2021 and 2020. Most employee groups agreed through collective bargaining for employees to contribute the full amount of the employee contributions on a pretax basis. The City is required to contribute at an actuarially determined rate. Based on the July 1, 2020 actuarial report, the required employer contribution rate for fiscal year 2021 range from 19.91% to 24.41%. Based on the July 1, 2019 actuarial report, the required employer contribution rate for fiscal year 2020 ranges from 22.40% to 26.90%.

Employer contributions and employee contributions made by the employer to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. The City's proportionate share of employer contributions recognized by the Retirement System in fiscal year ended June 30, 2021 (measurement year) was \$791.7 million. The SFMTA's allocation of employer contributions for fiscal year 2021 was \$117.4 million and \$103.3 million for fiscal year 2020.

Replacement Benefits Plan – The RBP is and will remain unfunded and the rights of any participant and beneficiary are limited to those specified in the RBP. The RBP constitutes an unsecured promise by the City to make benefit payments in the future to the extent funded by the City. The City paid \$4.1 million replacement benefits in the year ended June 30, 2022.

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

As of June 30, 2022, the City reported net pension assets for its proportionate share of the net pension asset of the SFERS Plan and net pension liability of RBP of \$2.2 billion. The City's net pension asset for the SFERS Plan is measured as the proportionate share of the net pension asset. The net pension asset of the SFERS Plan is measured as of June 30, 2021 (measurement date), and the total pension (asset)/liability for the SFERS Plan and RBP used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The City's proportion of the net pension (asset)/liability for the SFERS Plan was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

SFMTA's allocation of the City's proportionate share of the net pension (asset)/liability for the SFERS Plan and RPB as of June 30, 2022 was (\$355.5) million. The SFMTA's allocation of the total pension liability for the RBP as of June 30, 2022 was \$1.1 million.

For the year ended June 30, 2022, the City's recognized pension (benefit) was (\$923) million, including amortization of deferred outflow/inflow related pension items. The SFMTA's allocation of pension (benefit), including amortization of deferred outflow/inflow related pension items, was (\$151.8) million. Pension (benefit) increased from the prior year, largely due to the amortization of deferrals. At June 30, 2022, the SFMTA's reported deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources (in thousands):

Schedule of Deferred Inflows and Outflows of Resources

	SFERS Plan		Replacement Benefits Plan	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Pension contributions subsequent to measurement date	\$ 106,345	—	—	—
Differences between expected and actual experience	32,748	1,170	150	—
Changes in assumptions	24,128	62,607	206	—
Net difference between projected and actual earnings on pension plan investments	—	774,708	—	—
Changes in employer's proportion	21,272	5,954	—	265
Total	\$ 184,493	844,439	356	265

Amounts reported as deferred outflows, exclusive of contributions made after the measurement date, and deferred inflows of resources will be amortized annually and will be recognized in pension expense (benefit) as follows (in thousands):

		Deferred outflows (inflows) of resources	
		SFERS Plan	Replacement Benefits Plan
Year ending June 30:			
2023	\$	(193,770)	34
2024		(175,331)	28
2025		(184,120)	26
2026		(213,070)	3
	\$	(766,291)	91

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

Actuarial Assumptions

A summary of the actuarial assumptions and methods used to calculate the total pension liability for both SFERS Plan and RBP as of June 30, 2021 (measurement year) is provided below, including any assumptions that differ from those used in the July 1, 2020 actuarial valuation. Refer to the July 1, 2020 actuarial valuation report for a complete description of all other assumptions, which can be found on the Retirement System's website <http://mysfers.org>.

Key Actuarial Assumptions

SFERS Plan

Valuation Date	June 30, 2020 updated to June 30, 2021
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost
Expected Rate of Return	7.40% net of pension plan investment
Municipal Bond Yield	2.21% as of June 30, 2020 2.16% as of June 30, 2021
Inflation	Bond Buyer 20-Bond GO Index, June 25, 2020 and June 24, 2021 2.50%
Projected Salary Increases	3.25% plus merit component based employee classification and years of service
Discount Rate	7.40% as of June 30, 2020 7.40% as of June 30, 2021
Administrative Expenses	0.60% of payroll as of June 30, 2020 0.60% of payroll as of June 30, 2021

	Old Miscellaneous and all New Plans	Old Police & Fire, Pre 7/1/75	Old Police & Fire, Charters A8.595 and A8.596	Old Police & Fire, Charters A8.559 and A8.585
Basic COLA				
June 30, 2020	2.00%	2.50%	3.10%	4.20%
June 30, 2021	2.00%	1.90%	2.50%	3.60%

Key Actuarial Assumptions

Replacement Benefits Plan

Valuation Date	June 30, 2020 updated to June 30, 2021
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost
Municipal Bond Yield	2.16% as of June 30, 2021
Inflation	Bond Buyer 20-Bond GO Index, June 25, 2020 and June 24, 2021 2.50%
Projected Salary Increases	3.25% plus merit component based employee classification and years of service
Discount Rate	2.16% as of June 30, 2021
Administrative Expenses	0.60% of payroll as of June 30, 2021

	Old Miscellaneous	Old Police & Fire	Old Police & Fire Charters	Old Police & Fire Charters
Basic COLA				
June 30, 2020	2.00%	2.50%	3.10%	4.20%
June 30, 2021	2.00%	1.90%	2.50%	3.60%

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

Mortality rates for health Miscellaneous members were based upon adjusted PubG-2010 Employee and Retiree tables for non-annuitants and retirees, respectively. Mortality rates were then projected generationally from the base year using the MP-2019 projection scale.

The actuarial assumptions used at the June 30, 2021 measurement date was based upon the result of a demographic experience study for the period July 1, 2014 through June 30, 2019 and an economic experience study as of July 1, 2020.

Discount Rate

SFERS Plan – The beginning and end of year measurements are based on different assumptions and contribution methods that may result in different discount rates. The discount rate was 7.40% as of June 30, 2020 (measurement date) and June 30, 2021 (measurement date).

The discount rate used to measure the total pension liability as of June 30, 2021 was 7.40%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will continue to be made at the rates specified in the Charter. Employer contributions were assumed to be made in accordance with the contribution policy in effect for July 1, 2020 actuarial valuation. That policy includes contributions equal to the employer portion of the entry age normal costs for members as of the valuation date, a payment for the expected administrative expenses, and an amortization payment on the unfunded actuarial liability.

The amortization payment is based on closed periods that vary in length depending on the source. Charter amendments prior to July 1, 2014 are amortized over 20 years. After July 1, 2014, any Charter changes to active member benefits are amortized over 15 years and changes to inactive member benefits, including Supplemental COLAs, are amortized over 5 years. The remaining unfunded actuarial liability not attributable to Charter amendments as of July 1, 2013 is amortized over a 19-year period commencing July 1, 2014. Experience gains and losses and assumption or method changes on or after July 1, 2014 are amortized over 20 years. The full amortization payment for the 2015 assumption changes is phased in over a period of 5 years. For the July 1, 2016 valuation, the increase in the unfunded actuarial liability attributable to the Supplemental COLAs granted on July 1, 2013 and July 1, 2014 is amortized over 17 years and 5 years, respectively. All amortization schedules are established as a level percentage of payroll so payments increase 3.25% each year. The unfunded actuarial liability is based on an actuarial value of assets that smooths investment gains and losses over five years and a measurement of the actuarial liability that excludes the value of any future Supplemental COLAs.

While the contributions and measure of actuarial liability in the funding valuation do not anticipate any future Supplemental COLAs, the projected contributions for the determination of the discount rate include the anticipated future amortization payments on future Supplemental COLAs for current members when they are expected to be granted. For members who worked after November 6, 1996 and before Proposition C passed (Post 97 Retirees), a Supplemental COLA is granted if the actual investment earnings during the year exceed the expected investment earnings on the actuarial value of assets. For members who did not work after November 6, 1996 and before Proposition C passed, the market value of assets must also exceed the actuarial liability at the beginning of the year for a Supplemental COLA to be granted. When a Supplemental COLA is granted, the amount depends on

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

the amount of excess earnings and the Basic COLA amount for each membership group. The large majority of members receive a 1.50% Supplemental COLA when granted.

Because the probability of a Supplemental COLA depends on the current funded level of the Retirement System for certain members, an assumption was developed as of June 30, 2021 for the probability and amount of Supplemental COLA for each future year. A full Supplemental COLA will be paid to all retired members, and their beneficiaries, who were retired effective July 1, 2021. The table below shows the net assumed Supplemental COLA for members with a 2.00% Basic COLA for sample years.

**Assumed Supplemental COLA
for Members with a 2.00% Basic COLA**

FYE	96 – Prop C	Before 11/6/96 or after Prop C
2023	0.75%	0.70%
2025	0.75	0.70
2027	0.75	0.60
2029	0.75	0.60
2031	0.75	0.60
2033+	0.75	0.50

The projection of benefit payments to current members for determining the discount rate includes the payment of anticipated future Supplemental COLAs.

Based on these assumptions, the Retirement System's fiduciary net position was projected to be available to make projected future benefit payments for current members for all future years. Projected benefit payments are discounted at the long-term expected return on assets of 7.40% to the extent the fiduciary net position is available to make the payments and at the municipal bond rate of 2.16% to the extent they are not available. The single equivalent rate used to determine the total pension liability as of June 30, 2021 is 7.40%.

The long-term expected rate of return on pension plan investments was 7.40%. It was set by the Retirement Board after consideration of both expected future returns and historical returns experienced by the Retirement System. Expected future returns were determined by using a building-block method in which best-estimate ranges of expected future real rates of return were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Target allocation and best estimates of geometric long-term expected real

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

rates of return (net of pension plan investment expense and inflation) for each major asset class are summarized in the following table.

Asset class	Target allocation	Long-term expected real rate of return
Global equity	37.0%	4.2%
Treasuries	8.0	—
Liquid credit	5.0	2.3
Private credit	10.0	5.1
Private equity	23.0	7.9
Real assets	10.0	5.1
Hedge funds/absolute return	10.0	2.9
Leverage	(3.0)	0.1
	<u>100.0%</u>	

Replacement Benefits Plan – The beginning and end of year measurements are based on different assumptions that result in different discount rates. The discount rate was 2.16% as of June 30, 2021. This reflects the yield for a 20-year, tax-exempt general obligation municipal bond with an average rating of AA/Aa or higher. The Municipal Bond Yields are the Bond Buyer 20-Year GO Index as of June 25, 2020 and June 24, 2021. These are the rates used to determine the total pension liability as of June 30, 2021.

The inflation assumption of 2.50% compounded annually was used for projecting the annual IRC Section 415(b) limitations. However, the actual IRC Section 415(b) limitations published by the IRS of \$230,000 for 2021 was used for the 2021 measurement date.

The SFERS assumptions about Basic and Supplemental COLA previously discussed also apply to the Replacement Benefits Plan, including the impact of the State Appeals Court determination that the full funding requirement for payment of Supplemental COLA included in Proposition C was unconstitutional and the impact is accounted for as a change in benefits.

On June 30, 2022, City's membership in the RBP had a total of 350 active members and 135 retirees and beneficiaries currently receiving benefits. The SFMTA has 4 active members and 3 retirees and beneficiaries currently receiving benefits.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

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

The following presents the SFMTA's allocation of the employer's proportionate share of the net pension liability/(asset) for the SFERS Plan, calculated using the discount rate, as well as what the SFMTA's allocation of the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate (in thousands).

<u>Employer</u>		<u>1% decrease share of NPL @ 6.4%</u>	<u>Share of NPL/(NPA) @ 7.4%</u>	<u>1% increase share of NPL/(NPA) @ 8.4%</u>
SFMTA	\$	237,673	(356,614)	(847,244)

The following presents the SFMTA's allocation of the employer's proportionate share of the total pension liability for the Replacement Benefits Plan, calculated using the discount rate, as well as what the SFMTA's allocation of the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate (in thousands).

<u>Employer</u>		<u>1% decrease share @ 1.16%</u>	<u>Measurement date @ 2.16%</u>	<u>1% increase share @ 3.16%</u>
SFMTA	\$	1,332	1,105	929

(b) Deferred Compensation Plan

The City offers its employees, including the SFMTA employees, a deferred compensation plan created in accordance with IRC Section 457. The plan is available to all active employees to voluntarily invest a portion of their pretax regular earnings in a diverse selection of investment funds. Withdrawals from the deferred compensation plan, by employees or other beneficiaries, are allowed only upon termination, retirement, death, or for unforeseeable emergency.

The deferred compensation plan is managed by the Retirement System and is administered by a third-party administrator. The SFMTA has no administrative involvement and does not perform the investing function. SFMTA has no fiduciary accountability for the plan, and accordingly, the plan assets and related liabilities to the plan participants are not included in these financial statements.

(c) Other Postemployment Benefits

The SFMTA participates in a single-employer defined benefit other postemployment benefits plan (the Plan). The Plan is maintained by the City and administered through the City's Health Service System. It provides postemployment medical, dental, and vision insurance benefits to eligible employees, retired employees, surviving spouses, and domestic partners. Health benefit provisions are established and may be amended through negotiations between the City and the respective bargaining units. The City does not issue a separate report on its other postemployment benefit plan.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

GASB Statement No. 75 requires that reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

San Francisco Health Service System Retiree Plan – Single-Employer

Valuation Date (VD)	June 30, 2020 updated to June 30, 2021
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

The SFMTA's proportionate share percentage of the Plan was determined based on its percentage of citywide "pay-as-you-go" contributions for the year ended June 30, 2021. The SFMTA's net OPEB liability, deferred outflows/inflows of resources related to OPEB, amortization of deferred outflows/inflows, and OPEB expense are based on the SFMTA's allocated percentage. The SFMTA's proportionate share of the City's OPEB elements was 16.57% as of the measurement date.

Benefits

Permanent full-time and elected employees are eligible to retire and receive postretirement health insurance benefits when they are eligible for retirement benefits from the Retirement System. The eligibility requirements are as follows:

Normal Retirement	Miscellaneous	Age 50 with 20 years of credited service ¹ Age 60 with 10 years of credited service
	Safety	Age 50 with 5 years of credited service
Disabled Retirement ²		Any age with 10 years of credited service
Terminated Vested		5 years of credited service at separation

¹ Age 53 with 20 years of credited service, age 60 with 10 years of credited service, or age 65 for Miscellaneous members hired on or after January 7, 2012.

² No service requirement for Safety members retiring under the industrial disability benefit or for surviving spouses/domestic partners of those killed in the line of duty.

Retiree healthcare benefits are administered by the San Francisco Health Service System and include the following:

Medical:	PPO – City Health Plan (self-insured) and UHC Medicare Advantage (fully-insured) HMO – Kaiser (fully-insured) and Blue Shield (flex-funded)
Dental:	Delta Dental & DeltaCare USA and UnitedHealthcare Dental
Vision:	Vision benefits are provided under the medical insurance plans and are administered by Vision Service Plan.

Projections of the sharing of benefit related costs are based on an established pattern of practice.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

Contributions

Benefits provided under the Plan are currently paid through “pay-as-you-go” funding. Additionally, under the City Charter, active officers and employees of the City who commenced employment on or after January 10, 2009, shall contribute to the Retiree Health Care Trust Fund (Trust Fund) a percentage of compensation not to exceed 2% of pretax compensation. The City shall contribute 1% of compensation for officers and employees who commenced employment on or after January 10, 2009 until the City’s GASB Actuary has determined that the City’s portion of the Trust Fund is fully funded. At that time, the City’s 1% contribution shall cease, and officers and employees will each contribute 50% of the maximum 2% of pretax compensation.

Starting July 1, 2016, active officers and employees of the City who commenced employment on or before January 9, 2009, shall contribute 0.25% of pretax compensation into the Trust Fund.

Beginning on July 1 of each subsequent year, the active officers and employees of the City who commenced employment on or before January 9, 2009, shall contribute an additional 0.25% of pretax compensation up to a maximum of 1%. Starting July 1, 2016, the City shall contribute 0.25% of compensation into the Trust Fund for each officer and employee who commenced employment on or before January 9, 2009. Beginning on July 1 of each subsequent year, the City shall contribute an additional 0.25% of compensation, up to a maximum of 1% for each officer and employee who commenced employment on or before January 9, 2009. When the City’s actuary has determined that the City’s portion of the Trust Fund is fully funded, the City’s 1% contribution shall cease, and officers and employees will each contribute 50% of the maximum 1% of pretax compensation.

Additional or existing contribution requirements may be established or modified by amendment to the City’s Charter.

For the fiscal year ended June 30, 2022, the City’s funding was based on “pay-as-you-go” plus a contribution of \$41.8 million to the Retiree Healthcare Trust Fund. The “pay-as-you-go” portion paid by the City was \$211 million for a total contribution of \$253 million for the fiscal year ended June 30, 2022. The SFMTA’s proportionate share of the City’s contributions for fiscal year 2022 was \$41.9 million.

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

As of June 30, 2022, the City reported net OPEB liabilities related to the Plan of \$3.7 billion. The SFMTA’s proportionate share of the City’s net OPEB liability as of June 30, 2022 was \$611.5 million.

For the year ended June 30, 2022, the City’s recognized OPEB expense was \$272 million. Amortization of the City’s deferred outflows and inflows is included as a component of OPEB expense. The SFMTA’s proportionate share of the City’s OPEB expense was \$2.5 million.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

As of June 30, 2022, the SFMTA reported its proportionate share of the City's deferred outflows/inflows of resources related to OPEB from the following sources (in thousands):

Schedule of Deferred Inflows and Outflows of Resources

	Deferred outflows of resources	Deferred inflows of resources
Contributions subsequent to measurement date	\$ 41,893	—
Differences between expected and actual experience	18,372	94,161
Changes in assumptions	25,845	—
Net difference between projected and actual earnings on plan investments	—	11,576
Change in proportion	<u>33,989</u>	<u>495</u>
Total	\$ <u><u>120,099</u></u>	<u><u>106,232</u></u>

Amounts reported as deferred outflows, exclusive of contributions made after the measurement date, and deferred inflows of resources will be amortized annually and recognized in OPEB expense (benefit) as follows (in thousands):

	Deferred outflows (inflows) of resources
Year ending June 30:	
2023	\$ (7,864)
2024	(7,912)
2025	(7,747)
2026	(1,347)
2027	(3,027)
Thereafter	<u>(129)</u>
	\$ <u><u>(28,026)</u></u>

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

Actuarial Assumptions

A summary of the actuarial assumptions and methods used to calculate the total OPEB liability as of June 30, 2021 (measurement date) is provided below:

Key actuarial assumptions:

Valuation date	June 30, 2020 updated to June 30, 2021
Measurement date	June 30, 2021
Actuarial cost method	The Entry Age Actuarial Cost Method is used to measure the Plan's total OPEB liability
Healthcare cost trend rates	Pre-Medicare trend starts at 6.74% trending down to ultimate rate of 4.04% in 2075 Medicare trend starts at 7.24% trending down to ultimate rate of 4.04% in 2075 10-County average trend starts at 5.50% trending down to ultimate rate of 4.04% in 2075 Vision and expenses trend remains a flat 3.0% for all years
Expected rate of return on plan assets	7.00%
Salary increase rate	Wage Inflation Component: 3.25% Additional Merit Component (dependent on years of service): Police: 0.50% - 7.50% Fire: 0.50% - 14.00% Muni Drivers: 0.00% - 16.00% Craft: 0.50% - 3.75% Misc: 0.30% - 5.50%
Inflation rate	Wage Inflation: 3.25% Consumer Price Inflation: 2.5% compounded annually
Mortality tables	Base mortality tables are developed by multiplying a published table by an adjustment factor developed in SFERS experience study for the period ending June 30, 2019.

	Published Table	Adjustment Factor	
		Male	Female
Non-Annuitants			
Miscellaneous	PubG-2010 Employee	0.834	0.866
Safety	PubS-2010 Employee	1.011	0.979
Healthy Retirees			
Miscellaneous	PubG-2010 Employee	1.031	0.977
Safety	PubS-2010 Employee	0.947	1.044
Disabled Retirees			
Miscellaneous	PubG-2010 Employee	1.045	1.003
Safety	PubS-2010 Employee	0.916	0.995
Beneficiaries			
Miscellaneous	PubG-2010 Employee	1.031	0.977
Safety	PubG-2010 Employee	1.031	0.977

The mortality rates in the base tables are projected generationally from the base year using the MP-2019 projection scale.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

Sensitivity of Liabilities to Changes in the Healthcare Cost Trend Rate and Discount Rate

The following presents the SFMTA's proportionate share of the City's net OPEB liability calculated using the healthcare cost trend rate, as well as what the SFMTA's allocation of the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current rate (in thousands):

	<u>1% decrease</u>	<u>Healthcare trend</u>	<u>1% increase</u>
\$	520,509	611,518	724,967

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2021 was 7%. Based on the assumption that plan member contributions will continue to be made at the rates specified in the Charter, it was determined that the Plan's projected fiduciary net position will be greater than or equal to the benefit payments projected for each future period. As such, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The long-term expected rate of return on OPEB plan investments was 7% based on expected future returns and historical returns experienced by the Trust Fund. Expected future returns were determined based on 10-year and 20-year capital market assumptions for the Trust Fund's asset allocation. Target allocation for each major asset class and best estimates of geometric real rates of return are summarized in the following table:

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities		
U.S. Large Cap	28.0%	8.2%
U.S. Small Cap	3.0	9.5
Developed market equity (non-U.S.)	15.0	8.9
Emerging market equity	13.0	11.0
Credit		
Bank loans	3.0	4.4
High yield bonds	3.0	4.4
Emerging market bonds	3.0	4.3
Rate Securities		
Investment grade bonds	9.0	1.9
Long-term government bonds	4.0	3.2
Short-term Treasury Inflation-Protected Securities	4.0	1.5
Private Markets		
Private equity	5.0	13.0
Core private real estate	5.0	6.2
Risk Mitigating Strategies		
Global macro	5.0	4.4
Total	<u>100.0%</u>	

The following presents the SFMTA's proportionate share of the City's net OPEB liability calculated using the discount rate, as well as what the SFMTA's proportionate share of the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate (in thousands):

	1% decrease 6.00%	Discount rate 7.00%	1% increase 8.00%
\$	715,078	611,518	526,933

The City issues a publicly available financial report that includes the complete note disclosures and required supplementary information related to the City's postemployment health care obligations. The report may be obtained by writing to the City and County of San Francisco, Office of the Controller, 1 Dr. Carlton B. Goodlett Place, Room 316, San Francisco, CA 94102, or by calling (415) 554-7500.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

(10) Peninsula Corridor Joint Powers Board

The City is a participant in the Peninsula Corridor Joint Powers Board (PCJPB), along with the Santa Clara Valley Transportation Authority and the San Mateo County Transit District (SMCTD). The PCJPB is governed by a separate board composed of nine members, three from each participating agency. The PCJPB was formed in October 1991 to plan, administer, and operate Caltrain rail service. The PCJPB began operating Caltrain on July 1, 1992. Prior to that time, such rail service was operated by the California Department of Transportation. The agreement establishing the PCJPB expired in 2001, upon which it continues thereafter on a year-to-year basis, until a participant withdraws, which requires one-year notice.

The SFMTA has contributed to the net operating costs and administrative expenses of the PCJPB. However, in November 2020, voters approved a new 1/8th cent sales tax in the three counties for Caltrain that replaces the contribution Caltrain gets each year from the three PCJPB agencies. Due to the new revenues, the SFMTA did not make a contribution for operating needs in fiscal year 2022 and is not obligated to do so going forward.

In 2022, the JPB governance structure was changed to ensure all participating counties are equally involved in decision-making and oversight authority at the highest levels while SMCTD continues as the managing agency for Caltrain. As part of these discussions, the City through SFMTA owes \$6.08 million as part of the termination payment for a 2008 right of way agreement.

The three counties also agreed to create a memorandum of understanding that will guide updates to the Joint Powers Agreement that sets up Caltrain's governance. The multi-step process to complete the agreement is slated to continue through 2023. The PCJPB's annual financial statements are publicly available.

(11) Risk Management

The SFMTA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; transit and general liability; injuries to employees; and natural disasters. The SFMTA risk treatment program encompasses both self-insured and insured methods. Insurance purchase is generally coordinated through the City's Risk Management Division and, in some specific cases, directly by the agency. Self-insurance is when the City manages risks internally and administers, adjusts, settles, defends, and pays claims from budgeted resources, i.e., pay-as-you-go. The City's and SFMTA's general policy is to first evaluate self-insurance for the risk of loss to which it is exposed. When economically more viable or when required by debt financing covenants, SFMTA purchases insurance as necessary or required.

Risks	Coverage
a. General/Transit liability	Self-insured
b. Workers' compensation	Self-insured
c. Property	Self-insured and purchase insurance
d. Employee (transit operators)	Purchase insurance
e. Directors and officers	Purchase insurance
f. Active assailant	Purchase insurance

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

(a) General/Transit Liability

The SFMTA is self-insured. Through coordination with the Controller and City Attorney's Office, the SFMTA's general liability payments are addressed through pay-as-you-go funding as part of the budgetary process as well as a reserve that is increased each year by approximately \$3 million. As of June 30, 2022, the reserve was \$34.1 million. In addition, the annual budget for claims was \$8.6 million for fiscal year 2022. Claim liabilities are actuarially determined anticipated claims and projected timing of disbursement, considering recent claim settlement trends, inflation, and other economic social factors.

The changes in general/transit liability for year ended June 30, 2022 are as follows (in thousands):

	<u>Beginning of year</u>	<u>Claims and changes in estimates</u>	<u>Claim payments</u>	<u>End of year</u>
\$	129,594	14,930	(29,861)	114,663

(b) Workers' Compensation

The workers' compensation payments are addressed through pay-as-you-go funding as part of the budgetary process. Claim liabilities are actuarially determined anticipated claims and projected timing of disbursement, considering open claims' future exposure based on current costs, and estimation for injuries that may have occurred but not yet reported. The workers' compensation claims and payouts are handled by the City's third-party administrator. SFMTA continues to develop and implement programs to mitigate growth of costs such as the transitional work programs that bring injured workers back to work on modified duty. Other programs include injury prevention, back care, injury investigation, and medical treatment bills review.

Workers' compensation expense is part of personnel services, while claims expense is part of general and administrative under operating expenses in the accompanying statement of revenues, expenses, and changes in net position.

The changes in workers' compensation liability for year ended June 30, 2022 are as follows (in thousands):

	<u>Beginning of year</u>	<u>Claims and changes in estimates</u>	<u>Claim payments</u>	<u>End of year</u>
\$	139,021	43,854	(28,251)	154,624

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

(c) Property

The SFMTA purchases property insurance on its facilities, light rail cars, and personal property.

Also, insurance is purchased for scheduled City parking garages covering blanket property and business interruptions. Damages to facilities and property outside of the specified schedules are self-insured. For SFMTA contractors, SFMTA requires each contractor to provide its own insurance, the traditional insurance ensuring that the full scope of work be covered with satisfactory levels to limit the risk exposure to the City and SFMTA's property.

(d) Employee Benefits (Transit Operators) Insurance

SFMTA has purchased group life insurance and a Group Felonious Assault Coverage Insurance for transit operators per the memorandum of understanding.

(e) Directors and Officers Insurance

SFMTA has purchased insurance to cover errors and omissions of its Board members and senior management.

(f) Active Assailant Insurance

SFMTA has purchased insurance starting in fiscal year 2022 to cover third-party bodily injury, property damage, business interruption, and crisis management.

See the changes in workers' compensation and general liabilities for claims paid and incurred claims and changes in estimate in Note 8 to the financial statements.

(12) General Fund Contributions

The amount of operating allocation provided to the SFMTA each year is limited to the amount set by the City Charter and budgeted by the City. Such allocation is recognized as revenue in the year received.

The amount of General Fund subsidy to the SFMTA reflected in the accompanying financial statements was \$519.7 million in fiscal year 2022. The General Fund support from the City includes total revenue baseline transfer of \$395.9 million and \$58.9 million allocation in lieu of parking tax.

Proposition B, approved by the voters in November 2014, provides additional City General Funds to address transportation needs tied to the City's population growth. The SFMTA received \$58 million from this source, of which \$30 million was allocated for operations and \$28 million for capital projects.

The SFMTA also received an additional General Fund allocation of \$5.9 million for the Chase Event Center and mixed-use development project, \$0.4 million for the Community Building Program, and reimbursement of \$0.6 million for free parking and transit fares related to the Portsmouth garage.

(13) Federal, State, and Local Assistance

The SFMTA receives capital grants from various federal, state, and local agencies to finance transit-related property and equipment purchases. As of June 30, 2022, the SFMTA had approved capital grants with unused balances amounting to \$622.2 million. Capital grants receivable as of June 30, 2022 totaled \$101.4 million.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

The SFMTA also receives operating assistance from various federal, state, and local sources, including Transit Development Act funds, diesel fuel, and sales tax allocations. As of June 30, 2022, the SFMTA had various operating grants receivable of \$30.3 million. In fiscal year 2022, the SFMTA received operating assistance from BART's Americans with Disability Act related support of \$1.7 million, and other federal, state, and local grants of \$9.4 million, to fund project expenses that are operating in nature.

The operating assistance from federal sources include funds received from FTA in response to the COVID-19 pandemic. The SFMTA received \$67.3 million in Coronavirus Response and Relief Supplemental Appropriations Act funding in fiscal year 2022. The SFMTA was awarded \$651.6 million in American Rescue Plan Act funding, of which \$174 million was received in fiscal year 2022 and \$477.6 million remains to be accessed in fiscal year 2023.

The capital and operating grants identified above include funds received and due from the SFCTA. During fiscal year 2022, the SFCTA approved \$17.7 million in new capital grants and the SFMTA received payments totaling \$62.2 million. As of June 30, 2022, the SFMTA had \$45.1 million in capital grants due from the SFCTA. Similarly, the SFMTA receives operating grants from SFCTA mostly for paratransit support. During fiscal year 2022, SFCTA approved \$13.8 million in new operating grants and SFMTA received payments totaling \$6.4 million.

The SFMTA had \$7.1 million in operating grants due from the SFCTA as of June 30, 2022.

Proposition 1B is a \$20 billion transportation infrastructure bond that was approved by state voters in November 2006. The bond measure is composed of several funding programs including the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) Program and the California Transit Security Grant Program (CTSGP). The original legislation required funds to be obligated within three years of the date awarded. The Budget Act of 2019 reappropriated the remaining balances of PTMISEA appropriations, which are available for encumbrance and liquidation until June 30, 2023. PTMISEA funds may be used for transit rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, bus and rail car procurement, rehabilitation, or replacement. CTSGP is administered by the California Governor's Office of Emergency Services (Cal OES). Funding from the CTSGP is for projects that protect critical transportation infrastructure and the traveling public from acts of terrorism, major disasters, and other emergencies. Per current Cal OES guidance, all funds allocated with outstanding balances shall be expended no later than March 31, 2022. The SFMTA did not receive cash in the fiscal year 2022 from PTMISEA and CTSGP. During fiscal year 2022, drawdowns for various eligible projects costs were made from PTMISEA funds for \$2.5 million and from CTSGP funds for \$7.1 million.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2022

(14) Commitments and Contingencies

(a) Grants and Subventions

Receipts from federal and state grants and other similar programs are subject to audit to determine if the funds were expended in accordance with appropriate statutes, grant terms, and regulations. The SFMTA believes that no significant liabilities will result from any such audits.

(b) Other Commitments

As of June 30, 2022, the SFMTA has outstanding commitments of approximately \$316.2 million with third parties for various capital projects. Grant funding is available for the majority of this amount. The SFMTA also has outstanding commitments of approximately \$78.8 million with third parties for noncapital expenditures. Various local funding sources are used to finance these expenditures.

In addition, the SFMTA is involved in various lawsuits, claims, and disputes that have arisen in SFMTA's routine conduct of business. In the opinion of management, the outcome of any litigation of these matters will not have a material effect on the financial position or changes in net position of the SFMTA.

(15) Subsequent Events

(a) Proposition L – Sales Tax for Transportation Projects

In November 2022, voters of the City approved Proposition L, which approved a new 2022 Transportation Expenditure Plan and extended the existing half-cent sales tax for transportation for 30 years to fund the new plan. The SFCTA administers the half-cent sales tax program according to the Expenditure Plan. The 2022 Transportation Expenditure Plan supports the SFMTA's Capital Plan and includes transit projects, transit maintenance, paratransit services, bicycle and pedestrian improvements, congestion reduction projects, and other improvements. The Controller's Office estimates the sales tax will generate \$100 million per year in tax revenue, increasing to approximately \$236 million per year by fiscal year 2053.

(b) Parking Garages

In November 2022, the voters of the City approved the takeover by the Recreation and Park Department (RPD) of the Music Concourse Garage (MCG) located in Golden Gate Park from the nonprofit entity that currently manages the garage. Under the current proposal, subject to approval by the SFMTA Board of Directors, the RPD Commission, and the Board of Supervisors, the SFMTA would manage the operations of the MCG on behalf of RPD. The proposed agreement between RPD and SFMTA will include revenues allocated to RPD and SFMTA will be reimbursed for administrative costs and capital costs associated with oversight of MCG. It is also proposed that SFMTA will be responsible for setting rates for MCG under the overall citywide garage rate setting policy approved by the SFMTA Board.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Supplemental Schedule – Schedule of Net Position

June 30, 2022

(In thousands)

	<u>Transit</u>	<u>Sustainable Streets</u>	<u>Parking Garages</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and investments with				
City Treasury	\$ 635,511	204,602	—	840,113
Cash and investments held outside				
City Treasury	189	1,957	1,326	3,472
Cash on hand	119	17	—	136
Receivables:				
Grants	75,059	4,456	—	79,515
Due from the San Francisco County				
Transportation Authority	40,962	11,213	—	52,175
Charges for services, net	1,960	2,690	58	4,708
Lease and related interest receivable	6,711	3,416	—	10,127
Interest and other	6,883	1,636	—	8,519
Total receivables	131,575	23,411	58	155,044
Inventories	84,904	—	—	84,904
Current prepaids and other assets	612	—	23	635
Total current assets	852,910	229,987	1,407	1,084,304
Noncurrent assets:				
Restricted assets:				
Cash and investments with				
City Treasury	203,037	158,455	—	361,492
Cash and investments held outside				
City Treasury	4,206	522	2,358	7,086
Other receivables	205	147	—	352
Total restricted assets	207,448	159,124	2,358	368,930
Lease receivable	78,964	9,025	—	87,989
Net pension asset	308,050	47,459	—	355,509
Capital assets, net	5,151,721	589,207	11,273	5,752,201
Total noncurrent assets	5,746,183	804,815	13,631	6,564,629
Total assets	6,599,093	1,034,802	15,038	7,648,933
Deferred outflows of resources:				
Unamortized loss on refunding of debt	843	—	—	843
Related to pensions	160,884	23,965	—	184,849
Related to other postemployment benefits	104,084	16,015	—	120,099
Total deferred outflows of resources	\$ 265,811	39,980	—	305,791

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Supplemental Schedule – Schedule of Net Position

June 30, 2022

(In thousands)

	<u>Transit</u>	<u>Sustainable Streets</u>	<u>Parking Garages</u>	<u>Total</u>
Liabilities:				
Current liabilities:				
Due to other funds	\$ 135	308	—	443
Accounts payable and accrued expenses	104,512	12,751	900	118,163
Accrued payroll	38,465	5,505	27	43,997
Accrued vacation and sick leave	25,228	4,274	—	29,502
Accrued workers' compensation	24,226	3,729	—	27,955
Accrued claims	28,637	18,621	—	47,258
Grants received in advance	54,439	53	—	54,492
Unearned revenue and other liabilities	10,279	4,938	—	15,217
Payable from restricted assets	8,740	1,265	63	10,068
Accrued interest payable	4,497	717	—	5,214
Bonds, loans, leases, and other payables	10,751	4,237	327	15,315
Total current liabilities	<u>309,909</u>	<u>56,398</u>	<u>1,317</u>	<u>367,624</u>
Noncurrent liabilities:				
Accrued vacation and sick leave, net of current portion	22,608	3,691	112	26,411
Accrued workers' compensation, net of current portion	106,056	20,613	—	126,669
Accrued claims, net of current portion	28,796	38,609	—	67,405
Other postemployment benefits obligation	529,962	81,556	—	611,518
Bonds, loans, leases, and other payables, net of current portion	444,439	159,196	10,911	614,546
Total noncurrent liabilities	<u>1,131,861</u>	<u>303,665</u>	<u>11,023</u>	<u>1,446,549</u>
Total liabilities	<u>1,441,770</u>	<u>360,063</u>	<u>12,340</u>	<u>1,814,173</u>
Deferred inflows of resources:				
Related to leases	79,816	11,950	—	91,766
Related to pensions	730,934	113,770	—	844,704
Related to other postemployment benefits	91,923	14,309	—	106,232
Total deferred inflows of resources	<u>902,673</u>	<u>140,029</u>	<u>—</u>	<u>1,042,702</u>
Net position:				
Net investment in capital assets	4,692,877	425,057	35	5,117,969
Restricted:				
Debt service	4,206	522	—	4,728
Other purposes	194,502	157,337	2,295	354,134
Unrestricted	(371,124)	(8,226)	368	(378,982)
Total net position	<u>\$ 4,520,461</u>	<u>574,690</u>	<u>2,698</u>	<u>5,097,849</u>

See accompanying independent auditors' report.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Supplemental Schedule – Schedule of Revenues, Expenses,
and Changes in Net Position

Year ended June 30, 2022

(In thousands)

	Transit	Sustainable Streets	Parking Garages	SFMTA Eliminations	Total
Operating revenues:					
Passenger fares	\$ 61,010	—	—	—	61,010
Parking and transportation	—	95,574	6,063	—	101,637
Fines, forfeitures, and penalties	—	82,524	—	—	82,524
Charges for services	1,235	27,648	—	—	28,883
Licenses, permits, and franchises	—	21,148	—	—	21,148
Advertising	6,016	—	—	—	6,016
Rents and concessions	11,468	3,500	24	—	14,992
Other	127	—	26	—	153
Total operating revenues	79,856	230,394	6,113	—	316,363
Operating expenses:					
Personnel services	500,462	72,904	940	—	574,306
Contractual services	78,439	51,891	686	—	131,016
Materials and supplies	63,038	5,608	130	—	68,776
Depreciation and amortization	197,011	23,872	396	—	221,279
Services from other City departments	74,769	10,420	—	—	85,189
General and administrative	(2,029)	5,574	323	—	3,868
Other operating expenses	(39,429)	14,729	442	—	(24,258)
Total operating expenses	872,261	184,998	2,917	—	1,060,176
Operating income (loss)	(792,405)	45,396	3,196	—	(743,813)
Nonoperating revenues (expenses):					
Operating assistance:					
Federal	255,387	796	—	—	256,183
State and other grants	177,626	157	—	—	177,783
Interest and investment income (loss)	(19,734)	(7,745)	—	—	(27,479)
Interest expense	(12,992)	(2,700)	(381)	—	(16,073)
Other, net	12,798	(799)	328	—	12,327
Total nonoperating revenues (expenses), net	413,085	(10,291)	(53)	—	402,741
Income (loss) before capital contributions and transfers	(379,320)	35,105	3,143	—	(341,072)
Capital contributions:					
Federal	62,644	2,347	—	—	64,991
State and others	123,812	17,737	—	—	141,549
Total capital contributions	186,456	20,084	—	—	206,540
Transfers in:					
City and County of San Francisco – General Fund	390,385	129,348	—	—	519,733
San Francisco County Transportation Authority	7,639	2,343	—	—	9,982
City and County of San Francisco – Other City departments	46,238	87,229	—	—	133,467
SFMTA operating transfers in	113,192	1,549	—	(114,741)	—
Total transfers in	557,454	220,469	—	(114,741)	663,182
Transfers out:					
City and County of San Francisco – Other City departments	—	—	(820)	—	(820)
SFMTA operating transfers out	—	(113,192)	(1,549)	114,741	—
Net transfers	557,454	107,277	(2,369)	—	662,362
Change in net position	364,590	162,466	774	—	527,830
Total net position, beginning of year	4,155,871	412,224	1,924	—	4,570,019
Total net position, end of year	\$ 4,520,461	574,690	2,698	—	5,097,849

See accompanying independent auditors' report.

**SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
TRANSIT**

Supplemental Schedule of Grants – Federal

Year ended June 30, 2022

(In thousands)

	Authorized grants as of July 1, 2021	New grants approved/ spending commences	Payments received	Expired/ rescinded adjusted grants	Authorized grants as of June 30, 2022	Amounts not expended as of June 30, 2022	Grants receivable as of June 30, 2022
Capital grants:							
FY 2016 Section 5307 Urban Area Formula	\$ 611	—	(160)	—	451	(451)	—
FY 2013 Section 5307 CMAQ & Surface Transportation Program	2,956	—	(3)	—	2,953	(2,953)	—
FY 2018 Section 5307 Van Ness Avenue BRT	4,101	—	(4,101)	—	—	—	—
FY 2019 Section 5307 Geary Rapid	6,588	—	(4,586)	—	2,002	(1,814)	188
FY 2019 Section 5307 Formula Funds	36,193	—	(4,448)	—	31,745	(31,679)	66
FY 2021 Section 5307 Motor Coach & Trolley Coach Replacement	—	20,528	—	—	20,528	(20,528)	—
FY 2013 Section 5309 Bus Livability	36	—	177	—	213	(213)	—
FY 2007 Section 5309 New Starts	10,091	—	(10,091)	—	—	—	—
FY 2021 Section 5309 ARP Central Subway	—	23,122	(14,365)	—	8,757	(1)	8,756
FY 2015 Section 5337 State of Good Repair	1,806	—	(750)	—	1,056	(734)	322
FY 2016 Section 5337 State of Good Repair	13,141	—	(4,178)	—	8,963	(6,852)	2,111
FY 2017 Section 5337 State of Good Repair	673	—	(672)	—	1	(1)	—
FY 2018 Section 5337 State of Good Repair Grant	29,108	—	(5,803)	(1,781)	21,524	(20,529)	995
FY 2019 Section 5337 State of Good Repair Grant	63,062	—	(13,025)	—	50,037	(49,422)	615
FY 2020 Section 5337 State of Good Repair Grant	4,288	—	—	—	4,288	(4,288)	—
FY 2021 Section 5337 State of Good Repair	—	44,918	(2,848)	—	42,070	(41,660)	410
FY 2019 Section 5339 Bus and Bus Facilities Grant	459	—	(401)	—	58	(46)	12
FY 2021 Section 5339 New Starts, Small Starts, Core Capacity (ARPA)	—	21,889	(14,903)	—	6,986	(1,443)	5,543
Total capital grants	\$ 173,113	110,457	(80,157)	(1,781)	201,632	(182,614)	19,018
Operating grants:							
FY 2013 Section 5307 CMAQ & Surface Transportation Program	\$ 55	—	(1)	—	54	(54)	—
FY 2016 Section 5307 Formula Grant	12	—	(12)	—	—	—	—
FY 2021 Section 5307 CRRSAA Operating Assistance Grant	122,106	—	(122,106)	—	—	—	—
FY 2021 Section 5307 Urbanized Area Formula Grants	—	4,410	(2,322)	—	2,088	(1,000)	1,088
FY 2021 Section 5307 Essential Trip Card Program	—	1,127	—	—	1,127	(1,127)	—
FY 2021 Section 5307 Formula ADA Paratransit Operating Support	—	4,116	(4,116)	—	—	—	—
FY 2022 Section 5307 American Rescue Plan Phase 1 (ARP)	—	536,535	(174,035)	—	362,500	(362,500)	—
FY 2021 Section 5310 Mobility Management	—	421	—	—	421	(421)	—
FY 2018 Section 5337 State of Good Repair Grant	—	—	(1,781)	1,781	—	—	—
FY 2021 Section 5312 Research and Evaluation projects	—	450	—	—	450	(450)	—
Total operating grants	\$ 122,173	547,059	(304,373)	1,781	366,640	(365,552)	1,088

See accompanying independent auditors' report.

**SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
TRANSIT**

Supplemental Schedule of Grants – California Transportation Commission

Year ended June 30, 2022

(In thousands)

	Authorized grants as of July 1, 2021	New grants approved/ spending commences	Payments received	Expired/ rescinded adjusted grants	Authorized grants as of June 30, 2022	Amounts not expended as of June 30, 2022	Grants receivable as of June 30, 2022
Capital grants:							
FY 2008 Prop 1B: 3rd St. Light Rail	\$ 1,412	—	—	—	1,412	(1,412)	—
FY 2008 Prop 1B: Operator Restrooms	693	—	(10)	—	683	(683)	—
FY 2009 Prop 1B: New Central Subway	1,105	—	(249)	—	856	(856)	—
FY 2010 Prop 1B: Balboa Park Eastside Connection	85	—	—	—	85	(85)	—
FY 2013 Prop 1B: Mission Mobility Maximization	806	—	(627)	—	179	(179)	—
FY 2013 Prop 1B: 8X Mobility Maximization	1,234	—	(29)	—	1,205	(1,205)	—
FY 2014 Prop 1B: LRV Procurement	1,569	—	(497)	—	1,072	(1,072)	—
FY 2014 Prop 1B: Flynn Lifts	770	—	—	—	770	(770)	—
FY 2017 Prop 1B: 31 Balboa Project	725	—	—	—	725	(725)	—
Total Prop 1B	8,399	—	(1,412)	—	6,987	(6,987)	—
FY 2015 Prop 1B: Transit Security	1,428	—	(303)	(1,125)	—	—	—
FY 2016 Prop 1B: Transit Security	5,456	—	(1,999)	(3,457)	—	—	—
FY 2017 Prop 1B: Transit Security	3,201	—	(54)	(3,147)	—	—	—
Total Transit Security	10,085	—	(2,356)	(7,729)	—	—	—
FY 2019 Low Carbon Transit Operations Grant – LRV	4,116	—	—	—	4,116	(4,116)	—
FY 2019 Low Carbon Transit Operations Grant West Portal Optimization	754	—	—	(754)	—	—	—
FY 2020 Low Carbon Transit Operations Grant Electric Bus Procurement	9,716	—	(4,949)	—	4,767	(4,767)	—
FY 2020 Low Carbon Transit Operations Grant Bryant Project	3,328	—	(187)	—	3,141	(3,141)	—
FY 2021 Low Carbon Transit Operations Grant 5 Fulton Project	—	1,220	(86)	—	1,134	(1,134)	—
Total Low Carbon	17,914	1,220	(5,222)	(754)	13,158	(13,158)	—
Total capital grants	\$ 36,398	1,220	(8,990)	(8,483)	20,145	(20,145)	—
Operating grants:							
FY 2017 Low Carbon Transit Operations Grant	\$ 7,235	—	—	—	7,235	(7,235)	—
FY 2018 Low Carbon Transit Operations Grant	1,351	—	(1,351)	—	—	—	—
FY 2019 Low Carbon Transit Operations Grant – Prototype Battery Conv.	5,600	—	—	—	5,600	(5,600)	—
FY 2019 Low Carbon Transit Operations Expanded Services	—	—	(754)	754	—	—	—
FY 2020 Low Carbon Transit Operations Grant Free Muni for Seniors and People with Disabilities	4,566	—	(4,566)	—	—	—	—
FY 2021 Low Carbon Transit Operations Grant Free Muni for Seniors and People with Disabilities	—	7,447	(4,342)	—	3,105	(3,105)	—
Total Low Carbon	18,752	7,447	(11,013)	754	15,940	(15,940)	—
FY 2021 Prop 1B: Presidio Bus Yard Planning Study	490	—	(200)	—	290	(201)	89
Total operating grants	\$ 19,242	7,447	(11,213)	754	16,230	(16,141)	89

See accompanying independent auditors' report.

**SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
TRANSIT**

Supplemental Schedule of Grants – Metropolitan Transportation Commission

Year ended June 30, 2022

(In thousands)

	Authorized grants as of July 1, 2021	New grants approved/ spending commences	Payments received	Expired/ rescinded adjusted grants	Authorized grants as of June 30, 2022	Amounts not expended as of June 30, 2022	Grants receivable as of June 30, 2022
Capital grants:							
Match to Capital Grants:							
Bridge Toll	\$ 90,397	—	(43,400)	(38)	46,959	(40,951)	6,008
FY 2021 Bridge Toll	30,505	—	(6,205)	—	24,300	(22,455)	1,845
FY 2021 Bridge Toll – Light Rail Vehicle Replacement	—	14,728	—	—	14,728	—	14,728
FY 2021 BATA	4,283	—	—	—	4,283	(4,249)	34
FY 2021 BATA – Light Rail Vehicle Replacement	—	5,993	—	—	5,993	—	5,993
FY 2022 BATA Fleet Replacement	—	5,000	—	—	5,000	(1,642)	3,358
State Transit Assistance:							
State of Good Repair	21,709	—	(6,231)	—	15,478	(14,024)	1,454
FY 2021 State of Good Repair	10,706	—	—	—	10,706	(10,706)	—
FY 2021 State of Good Repair – Facilities Projects	—	10,689	—	—	10,689	(10,689)	—
Total capital grants	<u>\$ 157,600</u>	<u>36,410</u>	<u>(55,836)</u>	<u>(38)</u>	<u>138,136</u>	<u>(104,716)</u>	<u>33,420</u>
Operating grants:							
AB1107 Sales Tax	\$ 3,587	41,500	(51,508)	10,289	3,868	—	3,868
State Transit Assistance	12,055	65,835	(63,023)	85	14,952	—	14,952
Transportation Development Act	—	41,924	(41,924)	—	—	—	—
RM2:							
Owl Service	132	159	(132)	—	159	—	159
T-Third Light Rail	1,763	2,125	(1,763)	—	2,125	—	2,125
Lifeline Cycle 5:							
Expanded Late Night Transit	559	824	(862)	—	521	(521)	—
Wheelchair Accessible Taxis	45	—	(45)	—	—	—	—
Bayview Transit Assistance	—	200	(200)	—	—	—	—
Total operating grants	<u>\$ 18,141</u>	<u>152,567</u>	<u>(159,457)</u>	<u>10,374</u>	<u>21,625</u>	<u>(521)</u>	<u>21,104</u>

See accompanying independent auditors' report.

**SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
TRANSIT**

Supplemental Schedule of Grants – San Francisco County Transportation Authority

Year ended June 30, 2022

(In thousands)

	Authorized grants as of July 1, 2021	New grants approved/ spending commences	Payments received	Expired/ rescinded/ adjustment grants	Authorized grants as of June 30, 2022	Amounts not expended as of June 30, 2022	Grants receivable as of June 30, 2022
Capital grants:							
3rd Street Light Rail Projects	\$ 4,169	—	—	—	4,169	(4,169)	—
Islais Creek Facility Improvements	485	—	—	—	485	(485)	—
Radio Communications System & CAD	3,890	—	—	—	3,890	(2,431)	1,459
Central Train Control & Communication	3,773	—	(57)	—	3,716	(3,572)	144
Bus Rapid Transit (Geary & Van Ness)	20,966	—	(3,704)	—	17,262	(12,504)	4,758
Motor Coach NABI Replacement	3,193	—	—	—	3,193	(3,193)	—
Central Subway Phase 3 Initial Study	916	—	(3)	—	913	(912)	1
60 Foot Trolley Coach Replacement	3,953	—	—	—	3,953	(3,758)	195
Phelan Plaza Development	91	—	—	—	91	(91)	—
Muni Forward	1,246	—	(5)	—	1,241	(945)	296
New Light Rail Vehicles	118,255	—	(39,625)	—	78,630	(55,104)	23,526
Geneva-Harvey Bus Rapid Transit Study	3,105	—	(21)	—	3,084	(3,084)	—
Muni Metro East (MME) Phase II	1,217	—	—	—	1,217	(1,217)	—
Fall Protection System	3,476	—	(54)	—	3,422	(2,351)	1,071
Replace M-Line Curve Tracks	906	—	(97)	—	809	(809)	—
Procurement of 30, 40 & 60 Ft Hybrid Buses	17,099	—	5	—	17,104	(17,049)	55
Fire Life Safety Upgrade	952	—	(560)	—	392	(366)	26
1570 Burkett Facility Renovation	851	—	(5)	—	846	(846)	—
33 Stanyan Pole Replacement & Ovhd Recon	30	—	(30)	—	—	—	—
Rail Grinding Project	215	—	(78)	—	137	(135)	2
Cable Car Drive Reduction Gearbox Rehab	367	—	—	—	367	(367)	—
ATCS Tunnel Wiring Replacement	1	—	(1)	—	—	—	—
Elevator Safety & Reliability Project	261	—	(145)	—	116	(100)	16
Paratransit Van Replacement Project	89	—	—	—	89	(89)	—
Twin Peaks Tunnel Rail Replacement-Rev	4,221	—	—	—	4,221	(4,221)	—
Track Support System	1,505	—	—	—	1,505	(1,503)	2
Track Replacement & Upgrade	2,811	—	—	—	2,811	(2,811)	—
Alternative Fuel Taxicab In	241	—	(46)	—	195	(49)	146
Cable Car Sheave Rebuild	235	—	—	—	235	(235)	—
Replacement Manual Switch S	287	—	—	—	287	(287)	—
MF Corridors PL & CE	3,137	—	(111)	—	3,026	(2,859)	167
Local Bus Transit Signal Priority	2,616	—	(1,297)	—	1,319	(980)	339
Paratransit Replacement	487	—	—	—	487	(487)	—
Presidio Bus Lifts	1,100	—	(795)	—	305	(168)	137
LRV 2&3 HVAC Refurbish	3,192	—	(139)	—	3,053	(3,053)	—
LRV2 & LRV3 Overhauls	7,082	—	(339)	—	6,743	(6,406)	337
Streetcar Extension to Fort Mason	920	—	—	—	920	(920)	—
Muni Metro Expansion	4,388	—	(1,468)	—	2,920	(1,737)	1,183
Rehab of Historic Street Cars	1,051	—	—	—	1,051	(974)	77
Muni Forward 22 Fillmore	5,600	—	—	—	5,600	(5,370)	230
New Flyer Midlife Overhaul	17,937	—	—	—	17,937	(17,937)	—
Light Rail Vehicle Procurement	60,732	—	—	—	60,732	(60,732)	—
New Castro Station Elevator	581	—	(246)	—	335	(136)	199
Wheelchair Accessible Taxi	50	—	—	—	50	(50)	—
3rd Street Transit and Safety Improvements	384	—	(3)	—	381	(381)	—
Muni Metro Station Enhancement Phase I	2,465	—	(1,395)	—	1,070	(400)	670
L-Taraval Transit Enhancements (Segment B)	3,664	—	—	—	3,664	(3,664)	—
Replace 30-foot Hybrid Motor Coaches	16,196	—	(313)	—	15,883	(15,883)	—
Potrero Yard Modernization	5,773	—	—	—	5,773	(4,503)	1,270
Transit Stop Signage Enhancement Program	1,044	—	—	—	1,044	(1,021)	23
Bus Transit Signal Priority	—	1,351	—	—	1,351	(1,351)	—
Geary/19th Ave Subway Strategic Case	—	170	—	—	170	(170)	—
Total capital grants	\$ 337,205	1,521	(50,532)	—	288,194	(251,865)	36,329

**SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
TRANSIT**

Supplemental Schedule of Grants – San Francisco County Transportation Authority

Year ended June 30, 2022

(In thousands)

	Authorized grants as of July 1, 2021	New grants approved/ spending commences	Payments received	Expired/ rescinded/ adjustment grants	Authorized grants as of June 30, 2022	Amounts not expended as of June 30, 2022	Grants receivable as of June 30, 2022
Operating grants:							
Paratransit	\$ 6,182	10,223	(5,621)	(7,353)	3,431	—	3,431
Transit Corridor Investment Study	1,020	—	—	—	1,020	(1,020)	—
N-Judah Customer First	215	—	—	—	215	(215)	—
66 Quintara Reconfiguration Study	4	—	—	—	4	(4)	—
Van Gough Shuttles	246	—	(133)	—	113	(67)	46
Ramp Taxi Incentives	125	—	—	—	125	(125)	—
Replace 28 Paratransit V	1,156	—	—	—	1,156	—	1,156
Total operating grants	<u>\$ 8,948</u>	<u>10,223</u>	<u>(5,754)</u>	<u>(7,353)</u>	<u>6,064</u>	<u>(1,431)</u>	<u>4,633</u>

See accompanying independent auditors' report.

**SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
TRANSIT**

Supplemental Schedule of Grants – Others

Year ended June 30, 2022

(In thousands)

	Authorized grants as of July 1, 2021	New grants approved/ spending commences	Payments received	Expired/ rescinded adjusted grants	Authorized grants as of June 30, 2022	Amounts not expended as of June 30, 2022	Grants receivable as of June 30, 2022
Capital grants:							
BART Better Market Street	\$ 389	—	(83)	—	306	(194)	112
Peninsula Corridor Electrification Project	—	190	(190)	—	—	—	—
Total capital grants	<u>\$ 389</u>	<u>190</u>	<u>(273)</u>	<u>—</u>	<u>306</u>	<u>(194)</u>	<u>112</u>
Operating grants:							
FY 2017 Transit Security Grant Program	\$ 65	—	(65)	—	—	—	—
FY 2019 Transit Security Grant Program	3,055	—	(722)	—	2,333	(2,212)	121
FY 2020 Federal Homeland Security – TSA K9 Project	54	—	(32)	—	22	(18)	4
FY 2021 Federal Homeland Security – TSA K9 Project	946	—	(204)	—	742	(639)	103
FY 2022 Transit Security Grant Program	—	1,498	—	—	1,498	(1,498)	—
Total operating grants	<u>\$ 4,120</u>	<u>1,498</u>	<u>(1,023)</u>	<u>—</u>	<u>4,595</u>	<u>(4,367)</u>	<u>228</u>

See accompanying independent auditors' report.

**SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
SUSTAINABLE STREETS**

Supplemental Schedule of Grants – Federal

Year ended June 30, 2022

(In thousands)

	Authorized grants as of July 1, 2021	New grants approved/ spending commences	Payments received	Expired/ rescinded adjusted grants	Authorized grants as of June 30, 2022	Amounts not expended as of June 30, 2022	Grants receivable as of June 30, 2022
Capital grants:							
FY 2009 CMAQ – SF Park	\$ 398	—	—	—	398	(398)	—
FY 2013 Highway Safety Improvements – Continental Crosswalks	15	—	—	—	15	(15)	—
FY 2013 Highway Safety Improvements – Masonic Signals Project	58	—	—	—	58	(58)	—
FY 2014 Highway Safety Improvement – Polk Street Signals	463	—	—	—	463	(463)	—
FY 2013 Highway Safety Improvement – Rail Signals	562	—	—	—	562	(562)	—
FY 2016 Surface Transportation – Eddy and Ellis Traffic Calming Projects	117	—	—	—	117	(117)	—
FY 2013 Surface Transportation – Mansell Corridor Complete Streets	44	—	—	—	44	(4)	40
FY 2015 State Transportation Improvement – Crosswalks	11	—	—	—	11	(6)	5
FY 2015 State Transportation Improvement – Twin Peaks Connectivity	16	—	—	—	16	(16)	—
FY 2015 Section 5307 Formula Fund – Embarcadero Enhancement Project	22	—	—	—	22	(22)	—
FY 2016 & 2017 Highway Safety Improvement – South Van Ness Pedestrian Signals Projects	208	—	—	—	208	(208)	—
FY 2018 Advanced Transportation and Congestion Management Technologies Deployment Initiatives	10,393	—	(2,539)	—	7,854	(7,444)	410
SFGO Van Ness Corridor Management – TSP/BRT	—	—	(255)	2,707	2,452	(1,754)	698
Total capital grants	\$ 12,307	—	(2,794)	2,707	12,220	(11,067)	1,153
Operating grants:							
TEA Pedestrian Safety Education	\$ 20	—	(20)	—	—	—	—
Tenderloin Pedestrian Improvements	279	—	—	—	279	(279)	—
Golden Gate Park Pedestrian Improvements	63	—	—	—	63	(3)	60
Chinatown Safe Routes to School	25	—	—	—	25	(25)	—
Alamo School Safe Routes to School	86	—	—	—	86	(86)	—
SFGO Van Ness Corridor Management – TSP/BRT	2,707	—	—	(2,707)	—	—	—
SF Bicycle Parking Program	12	—	—	—	12	(12)	—
Safe Routes to School – Non Infrastructure	1,464	2,100	(1,079)	—	2,485	(2,068)	417
Pedestrian Safety Program	4	—	—	—	4	(4)	—
Masonic Avenue Signal Upgrade	45	—	—	—	45	(45)	—
Caltrans Planning SF Transit Corridor Study	202	—	(202)	—	—	—	—
FY 2007 Safe Routes to School	29	—	—	—	29	(29)	—
FY 2012 Safe Routes to School – Tenderloin	96	—	—	—	96	(81)	15
FY 2013 Safe Routes to School – Denman	4	—	—	—	4	(4)	—
FY 2010 & 2011 State Transportation Improvement Program – SF Pedestrian Safety & Encouragement	6	—	—	—	6	(6)	—
FY 2012 State Transportation Improvement – Church & Duboce	24	—	—	—	24	(7)	17
FY 2013 Linked Price Electric Bike Sharing	724	—	—	—	724	(623)	101
FY 2013 Regional Priority Development Area – Various Projects	110	—	—	—	110	(103)	7
FY 2017 California Office of Traffic Safety – Vision Zero Three Year Motorcycle Education Campaign Pilot	127	—	—	—	127	(127)	—
FY 2020 California Office of Traffic Safety – Vision Zero Three Year Motorcycle Education Campaign Pilot	252	—	—	—	252	(252)	—
FY 2021 California Office of Traffic Safety – Vision Zero Motorcycle Safety Program	46	—	(39)	—	7	(7)	—
FY 2022 California Office of Traffic Safety – Vision Zero Motorcycle Safety Program	—	75	—	—	75	(43)	32
FY 2018 Section 5303 Short Range Transit Plan	43	—	—	—	43	(43)	—
Total operating grants	\$ 6,368	2,175	(1,340)	(2,707)	4,496	(3,847)	649

See accompanying independent auditors' report.

**SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
SUSTAINABLE STREETS**

Supplemental Schedule of Grants – California Transportation Commission

Year ended June 30, 2022

(In thousands)

	Authorized grants as of July 1, 2021	New grants approved/ spending commences	Payments received	Expired/ rescinded/ adjustment grants	Authorized grants as of June 30, 2022	Amounts not expended as of June 30, 2022	Grants receivable as of June 30, 2022
Capital grants:							
FY 2013 Prop 1B: 8X Mobility Maximization	\$ 226	—	(7)	—	219	(219)	—
FY 2014 Prop 1B: LRV Procurement	32	—	(14)	—	18	(18)	—
Total Prop 1B	258	—	(21)	—	237	(237)	—
FY 2015 Prop 1B: Transit Security	—	—	(1,125)	1,125	—	—	—
FY 2016 Prop 1B: Transit Security	—	—	(492)	492	—	—	—
FY 2017 Prop 1B: Transit Security	21	—	(3,168)	3,147	—	—	—
Total Transit Security	21	—	(4,785)	4,764	—	—	—
Affordable Housing & Sustainable Comm. Dev.	663	—	(663)	—	—	—	—
Safer Intersections Program	649	—	(608)	—	41	(5)	36
6th St Pedestrian Safety Project	6,000	—	(221)	—	5,779	(5,190)	589
Visitation Valley Project	332	—	(77)	—	255	(144)	111
FY 2020 Vision Zero Project	2,349	—	(108)	—	2,241	(470)	1,771
Vision Zero Signal	—	337	—	—	337	(241)	96
Mission St. Geneva Ave Pedestrian and Bike Path	—	8,700	—	—	8,700	(8,700)	—
Total capital grants	\$ 10,272	9,037	(6,483)	4,764	17,590	(14,987)	2,603
Operating grants:							
Randolph/Farallones/Orizaba Transit Access							
Pedestrian Safety	\$ 3	—	—	—	3	(3)	—
Class II & III Bikeways	15	—	—	—	15	—	15
Jean Parker Safe Routes to School	15	—	—	—	15	—	15
HSIP SSARP Bicycle Safety	52	—	—	—	52	(52)	—
Hyde Street Safety Project	300	—	(300)	—	—	—	—
Active Communities Plan (Citywide Bike Plan)	—	600	—	—	600	(588)	12
Total operating grants	\$ 385	600	(300)	—	685	(643)	42

**SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
SUSTAINABLE STREETS**

Supplemental Schedule of Grants – Metropolitan Transportation Commission

Year ended June 30, 2022

(In thousands)

	Authorized grants as of July 1, 2021	New grants approved/ spending commences	Payments received	Expired/ rescinded/ adjustment grants	Authorized grants as of June 30, 2022	Amounts not expended as of June 30, 2022	Grants receivable as of June 30, 2022
Capital grants:							
TDA:							
TDA FY2021 Allocation	\$ 484	—	—	—	484	(484)	—
TDA FY2020 Allocation	424	—	(424)	—	—	—	—
TDA FY2019 Allocation	280	—	(280)	—	—	—	—
Total capital grants	<u>\$ 1,188</u>	<u>—</u>	<u>(704)</u>	<u>—</u>	<u>484</u>	<u>(484)</u>	<u>—</u>
Operating grants:							
TDA:							
Long Term Bike Parking	\$ 21	—	(1)	—	20	(20)	—
Total operating grants	<u>\$ 21</u>	<u>—</u>	<u>(1)</u>	<u>—</u>	<u>20</u>	<u>(20)</u>	<u>—</u>

See accompanying independent auditors' report.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
SUSTAINABLE STREETS

Supplemental Schedule of Grants – San Francisco County Transportation Authority

Year ended June 30, 2022

(In thousands)

	Authorized grants as of July 1, 2021	New grants approved/ spending commences	Payments received	Expired/ rescinded/ adjustment grants	Authorized grants as of June 30, 2022	Amounts not expended as of June 30, 2022	Grants receivable as of June 30, 2022
Capital grants:							
Bicycle Program Projects	\$ 2,725	1,000	(758)	—	2,967	(894)	2,073
Pedestrian Safety Program Projects	3,690	2,610	(652)	—	5,648	(5,308)	340
Traffic Calming Program Projects	17,807	3,610	(5,623)	—	15,794	(11,082)	4,712
Traffic Signal/Traffic Sign Projects	9,547	5,942	(3,062)	—	12,427	(11,495)	932
Transit Study & Street Improvement Projects	1,099	—	185	—	1,284	(1,225)	59
Transportation/Land Use Coordination	46	—	(5)	—	41	(19)	22
Transportation Demand/Parking Management	533	—	(75)	—	458	(356)	102
Total capital grants	<u>\$ 35,447</u>	<u>13,162</u>	<u>(9,990)</u>	<u>—</u>	<u>38,619</u>	<u>(30,379)</u>	<u>8,240</u>
Pass-through capital grants:							
Bicycle Program Projects	\$ 647	—	(615)	—	32	—	32
Taxi Vehicle Alternative Fuel Program	214	—	—	—	214	(214)	—
Traffic Calming Program Projects	3,028	3,000	(1,062)	—	4,966	(4,456)	510
Total pass-through capital grants	<u>\$ 3,889</u>	<u>3,000</u>	<u>(1,677)</u>	<u>—</u>	<u>5,212</u>	<u>(4,670)</u>	<u>542</u>
Operating grants:							
Bicycle Program Projects	\$ 1,364	1,022	(381)	—	2,005	(1,491)	514
Pedestrian Safety Program Projects	138	—	—	—	138	(5)	133
Traffic Calming Program Projects	154	2,203	(103)	—	2,254	(898)	1,356
Traffic Signal/Traffic Sign Projects	513	—	(9)	—	504	(504)	—
Transit Study & Street Improvement Projects	128	—	29	—	157	(157)	—
Transportation/Land Use Coordination	286	349	(71)	—	564	(378)	186
Transportation Demand/Parking Management	367	—	(125)	—	242	—	242
Total operating grants	<u>\$ 2,950</u>	<u>3,574</u>	<u>(660)</u>	<u>—</u>	<u>5,864</u>	<u>(3,433)</u>	<u>2,431</u>
Pass-through operating grants:							
Bicycle Program Projects	\$ 7	—	—	—	7	(7)	—
Total pass-through operating grants	<u>\$ 7</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7</u>	<u>(7)</u>	<u>—</u>

See accompanying independent auditors' report.

**SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
SUSTAINABLE STREETS**

Supplemental Schedule of Grants – Others

Year ended June 30, 2022

(In thousands)

	Authorized grants as of July 1, 2021	New grants approved/ spending commences	Payments received	Expired/ rescinded/ adjustment grants	Authorized grants as of June 30, 2022	Amounts not expended as of June 30, 2022	Grants receivable as of June 30, 2022
Capital grants:							
Electronic Bicycle Lockers	\$ 57	—	(7)	—	50	(50)	—
TA Traffic/Bike Programs	105	—	(105)	—	—	—	—
FY 2021 5th Street Improvement Project	—	415	—	—	415	(406)	9
TFCA Short Term Bike Parking	—	644	(32)	—	612	(612)	—
Total capital grants	<u>\$ 162</u>	<u>1,059</u>	<u>(144)</u>	<u>—</u>	<u>1,077</u>	<u>(1,068)</u>	<u>9</u>
Operating grants:							
Lake Merced Pedestrian Safety CBTP	\$ 39	—	(39)	—	—	—	—
Total operating grants	<u>\$ 39</u>	<u>—</u>	<u>(39)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

See accompanying independent auditors' report.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Schedule of Public Transportation, Modernization, Improvement, and Service Enhancement Account (PTMISEA)

Year ended June 30, 2022

(In thousands)

Project title	Allocation	Beginning balance July 1, 2021	Additions	Reassigned allocation	Interest earned	Reassigned interest earnings	Expenditures	Ending balance June 30, 2022
First Allocation Fiscal Year 2007–2008:								
Third Street Light Rail Interest	\$ —	129	—	—	4	—	—	133
Third Street/Metro East CP/Other Direct	1,383	288	—	—	—	—	—	288
LRV4 VCC Support	2,200	1,121	—	—	—	—	—	1,121
Elevator Safety & Reliability Project	117	4	—	—	—	—	—	4
Subtotal PTSB01	3,700	1,542	—	—	4	—	—	1,546
Auto Passenger Count	1,200	—	—	—	—	—	—	—
New Central Subway	1,300	—	—	—	—	—	—	—
Subtotal PTSB02	2,500	—	—	—	—	—	—	—
Trolley Overhead Reconstruction	2,267	—	—	—	—	—	—	—
Mid-Life Rehabilitation of Neoplan Buses	733	—	—	—	—	—	—	—
Subtotal PTSB03	3,000	—	—	—	—	—	—	—
Operator-Restroom	27	—	—	—	—	—	—	—
Farebox Rehabilitation	19,590	—	—	—	—	—	—	—
Neoplan Life Cycle Rehabilitation	223	—	—	—	—	—	—	—
Vehicle Video Surveillance Replacement	80	—	—	—	—	—	—	—
14 Mission Customer First	80	—	—	—	—	—	—	—
Subtotal PTSB04	20,000	—	—	—	—	—	—	—
Historic Streetcar Shed	6,092	—	—	—	—	—	—	—
New Central Subway	1,200	—	—	—	—	—	—	—
14 Mission Customer First	208	—	—	—	—	—	—	—
Subtotal PTSB05	7,500	—	—	—	—	—	—	—
Subtotal Allocation	36,700	1,542	—	—	4	—	—	1,546
Second Allocation Fiscal Year 2007–2008:								
New Third Street Light Rail	8,052	—	—	—	—	—	—	—
FY10 TSGP Subway CCTV Surveillance System	822	—	—	—	—	—	—	—
Vehicle Video Surveillance Replacement	485	—	—	—	—	—	—	—
Capital Program Controls System Procurement	—	6	—	—	—	—	—	6
14 Mission Customer First	341	—	—	—	—	—	—	—
Green Center Rail Replacement	—	55	—	—	—	—	—	55
Subtotal PTSB06	9,700	61	—	—	—	—	—	61

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Schedule of Public Transportation, Modernization, Improvement, and Service Enhancement Account (PTMISEA)

Year ended June 30, 2022

(In thousands)

Project title	Allocation	Beginning balance July 1, 2021	Additions	Reassigned allocation	Interest earned	Reassigned interest earnings	Expenditures	Ending balance June 30, 2022
STA Prop 1B; FY0708; Operator Restrooms	\$ —	51	—	—	4	—	—	55
Operator-Restroom	2,164	—	—	—	—	—	—	—
Woods Lifts Heavy Maintenance Shop	10	—	—	—	—	—	—	—
Cable Car Safety and Reliability Improvement	422	323	—	—	—	—	(10)	313
Transportation Capital Infrastructure	200	369	—	(169)	—	—	—	200
Transportation Capital CPT995	1	—	—	1	—	—	—	1
Special Trackwork Replacement	168	—	—	168	—	—	—	168
Subtotal PTSB07	2,965	743	—	—	4	—	(10)	737
STA Prop 1B; PTSB08 Interest Earnings	—	1	—	—	—	—	—	1
Wayside Fare Collection	1,000	—	—	—	—	—	—	—
Subtotal PTSB08	1,000	1	—	—	—	—	—	1
Subtotal Allocation	13,665	805	—	—	4	—	(10)	799
First Allocation Fiscal Year 2008–2009:								
STA Prop 1B; FY0910; Central Subway	—	96	—	—	7	—	—	103
Operator-Restroom	19	—	—	—	—	—	—	—
New Central Subway	20,001	—	—	—	—	—	—	—
Wayside/Central Train Control System	3,345	914	—	—	—	—	(155)	759
Mid-Life Rehabilitation of Neoplan Buses	1,404	—	—	—	—	—	—	—
Subway CCTV Surveillance System	1,169	—	—	—	—	—	—	—
Vehicle Video Surveillance Replacement	689	39	—	—	—	—	—	39
14 Mission Customer First	882	96	—	—	—	—	(93)	3
Fall Protection Scaffolding	773	—	—	—	—	—	—	—
8X Customer First	562	—	—	—	—	—	—	—
Safer Market Street	649	—	—	—	—	—	—	—
Flynn Lift	20	—	—	—	—	—	—	—
L Taraval Early Implementation Project	455	—	—	—	—	—	—	—
Potrero Facility Vehicle Lifts	32	32	—	—	—	—	—	32
Subtotal PTSB11	30,000	1,177	—	—	7	—	(248)	936
Central Control and Communications Program	400	—	—	—	—	—	—	—
Subtotal PTSB12	400	—	—	—	—	—	—	—
STA Prop 1B; PTSB13 Interest Earnings	—	2	—	—	—	—	—	2
Central Control and Communications Program	1,300	—	—	—	—	—	—	—
Subtotal PTSB13	1,300	2	—	—	—	—	—	2
STA Prop 1B; FY0809; Persia Triangle	—	8	—	—	—	—	—	8
Persia Triangle Improvements	127	49	—	—	—	—	—	49
Subtotal PKSB01	127	57	—	—	—	—	—	57
Randolph/Farallones/Orizaba	81	4	—	(4)	—	—	—	—
Van Ness Corridor Improvements	4	—	—	4	—	—	—	4
Subtotal PKSB02	85	4	—	—	—	—	—	4
Subtotal Allocation	31,912	1,240	—	—	7	—	(248)	999

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Schedule of Public Transportation, Modernization, Improvement, and Service Enhancement Account (PTMISEA)

Year ended June 30, 2022

(In thousands)

Project title	Allocation	Beginning balance July 1, 2021	Additions	Reassigned allocation	Interest earned	Reassigned interest earnings	Expenditures	Ending balance June 30, 2022
Third Allocation Fiscal Year 2007–2008 and Second Allocation 2008–2009: LRV Safety Mods and Overhaul Project	\$ 3,638	—	—	—	—	—	—	—
Subtotal PTSB14	3,638	—	—	—	—	—	—	—
New Central Subway	352	—	—	—	—	—	—	—
Subtotal PTSB15	352	—	—	—	—	—	—	—
STA Prop 1B; FY0910; High Speed Connectivity	—	1	—	—	(1)	—	—	—
Central Control and Communications Program	817	—	—	—	—	—	—	—
Subtotal PTSB16	817	1	—	—	(1)	—	—	—
Subtotal Allocation	4,807	1	—	—	(1)	—	—	—
Third Allocation Fiscal Year 2008–2009: Islais Creek Facility Improvements	—	116	—	—	—	—	—	116
LRV Safety Mods and Overhaul Project	5,262	—	—	—	—	—	—	—
Capital Program Controls System Procurement	—	60	—	—	—	—	—	60
Subtotal PTSB18	5,262	176	—	—	—	—	—	176
STA Prop 1B; PTSB19 Interest Earnings	—	2	—	—	—	—	—	2
LRV Collision Repairs	3,831	—	—	—	—	—	—	—
Subtotal PTSB19	3,831	2	—	—	—	—	—	2
New Central Subway	719	—	—	—	—	—	—	—
Subtotal PTSB20	719	—	—	—	—	—	—	—
Subtotal Allocation	9,812	178	—	—	—	—	—	178
First Allocation Fiscal Year 2009–2010: STA Prop 1B; FY2009-2010 PTMISEA Funds	13	18	—	—	1	—	—	19
Hunters View Revitalize Transit Stop Connection	497	—	—	—	—	—	—	—
New Central Subway	20,216	—	—	—	—	—	—	—
LRV Collision Repairs	770	—	—	—	—	—	—	—
Mid-Life Rehabilitation of Neoplan Buses	700	—	—	—	—	—	—	—
Balboa Park Station Eastside Connection	864	85	—	—	—	—	—	85
Capital Program Controls System Procurement	—	101	—	—	—	—	—	101
Subtotal PTSB22	23,060	204	—	—	1	—	—	205
Subtotal Allocation	23,060	204	—	—	1	—	—	205

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Schedule of Public Transportation, Modernization, Improvement, and Service Enhancement Account (PTMISEA)

Year ended June 30, 2022

(In thousands)

Project title	Allocation	Beginning balance July 1, 2021	Additions	Reassigned allocation	Interest earned	Reassigned interest earnings	Expenditures	Ending balance June 30, 2022
Second Allocation Fiscal Year 2009–2010:								
New Central Subway	\$ 16,045	—	—	—	—	—	—	—
Green Center Rail Replacement	—	147	—	—	—	—	—	147
Capital Program Controls System Procurement	—	53	—	—	—	—	—	53
Subtotal PTSB23	16,045	200	—	—	—	—	—	200
Randolph/Farallones/Orizaba	395	—	—	—	—	—	—	—
Subtotal PKSB03	395	—	—	—	—	—	—	—
Subtotal Allocation	16,440	200	—	—	—	—	—	200
Third Allocation Fiscal Year 2009–2010:								
STA Prop1B; Central Subway and Persia	—	11	—	—	1	—	—	12
Persia Triangle Improvements	676	88	—	—	—	—	—	88
New Central Subway	48,400	—	—	—	—	—	—	—
Central Subway Goodwill	—	55	—	—	—	—	—	55
Capital Program Controls System Procurement	—	14	—	—	—	—	—	14
Subtotal PTSB24	49,076	168	—	—	1	—	—	169
Subtotal Allocation	49,076	168	—	—	1	—	—	169
First Allocation Fiscal Year 2010–2011:								
STA Prop1B; PTSB26 Interest Earnings	—	20	—	—	2	—	—	22
Islais Creek Facility Improvements	—	156	—	—	—	—	—	156
Twin Peaks Tunnel Rail	—	38	—	—	—	—	(38)	—
Traffic Signal Battery Backup System	—	270	—	—	—	—	(137)	133
New Central Subway	117,681	—	—	—	—	—	—	—
Subtotal PTSB26	117,681	484	—	—	2	—	(175)	311
Subtotal Allocation	117,681	484	—	—	2	—	(175)	311
Second Allocation Fiscal Year 2010–2011:								
STA Prop1B; FY13 PTMISEA Mission Mobility	—	161	—	—	4	—	—	165
Islais Creek Facility Improvements	—	124	—	—	—	—	—	124
14 Mission Customer First	836	492	—	—	—	—	(363)	129
Muni Forward – West Portal/St Francis Circle	1,743	—	—	—	—	—	—	—
Cable Car Safety and Reliability Improvement	978	—	—	—	—	—	—	—
Muni Forward – Lower Haight Street (71)	1,500	316	—	—	—	—	(273)	43
Subtotal PTSB27	5,057	1,093	—	—	4	—	(636)	461

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Schedule of Public Transportation, Modernization, Improvement, and Service Enhancement Account (PTMISEA)

Year ended June 30, 2022

(In thousands)

Project title	Allocation	Beginning balance July 1, 2021	Additions	Reassigned allocation	Interest earned	Reassigned interest earnings	Expenditures	Ending balance June 30, 2022
STA Prop 1B; PTSB28 Interest Earnings	\$ —	143	—	—	9	—	—	152
Potrero Hill Ped Safety & Transit Improvement	216	70	—	—	—	—	(7)	63
Operator-Restroom	186	—	—	—	—	—	—	—
FY10 TSGP Subway CCTV Surveillance System	1,060	—	—	—	—	—	—	—
Balboa Park Station Area & Plaza Improvement	1,460	—	—	—	—	—	—	—
Mission Bay Transit Loop	448	—	—	—	—	—	—	—
8X Customer First	1,763	1,235	—	—	—	—	(29)	1,206
Transportation Capital Infrastructure	152	—	—	—	—	—	—	—
Subtotal PTSB28	5,285	1,448	—	—	9	—	(36)	1,421
STA Prop1B; FY13 PTMISEA Mission Bay Loop	—	6	—	—	—	—	—	6
Mission Bay Transit Loop	1,382	69	—	—	—	—	—	69
Subtotal PTSB29	1,382	75	—	—	—	—	—	75
Subtotal Allocation	11,724	2,616	—	—	13	—	(672)	1,957
First Allocation Fiscal Year 2013–2014:								
STA Prop1B; FY14 LRV Procurement	—	144	—	—	16	—	—	160
Van Ness Bus Rapid Transit	639	350	—	—	—	—	—	350
Mission Bay Transit Loop	2,197	—	—	—	—	—	—	—
Muni Forward	1,008	387	—	—	—	—	(179)	208
Elevator Safety & Reliability Project	2,200	1,380	—	—	—	—	(318)	1,062
Muni Metro Subway Station Enhancement	287	—	—	—	—	—	—	—
MS Arguello Traffic Signal	249	32	—	—	—	—	(14)	18
Subtotal PTSB31	6,580	2,293	—	—	16	—	(511)	1,798
STA Prop1B; FY14 Central Subway	—	1,689	—	—	9	—	—	1,698
Islais Creek Facility Improvements	—	194	—	—	—	—	—	194
Twin Peaks Tunnel Rail	—	56	—	—	—	—	(56)	—
New Central Subway	81,880	—	—	—	—	—	—	—
Transportn Capital CPT995	—	215	—	—	—	—	—	215
Subtotal PTSB33	81,880	2,154	—	—	9	—	(56)	2,107
Subtotal Allocation	88,460	4,447	—	—	25	—	(567)	3,905
First Allocation Fiscal Year 2015–2016:								
STA Prop 1B; PTSB36 Interest Earnings	—	14	—	—	—	—	—	14
Van Ness Bus Rapid Transit	5,550	—	—	—	—	—	—	—
Subtotal PTSB36	5,550	14	—	—	—	—	—	14
Subtotal Allocation	5,550	14	—	—	—	—	—	14

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Schedule of Public Transportation, Modernization, Improvement, and Service Enhancement Account (PTMISEA)

Year ended June 30, 2022

(In thousands)

Project title	Allocation	Beginning balance July 1, 2021	Additions	Reassigned allocation	Interest earned	Reassigned interest earnings	Expenditures	Ending balance June 30, 2022
First Allocation Fiscal Year 2016–2017:								
Balboa Transit Project Improvements	\$ 240	240	—	(240)	—	—	—	—
Transportation Capital CPT995	27	27	—	(27)	—	—	—	—
Flynn Lifts	458	458	—	267	—	—	—	725
Subtotal CTR25	725	725	—	—	—	—	—	725
Subtotal Allocation	725	725	—	—	—	—	—	725
Residual Allocation Fiscal Year 2008–2009 and 2009–2010:								
Central Subway	17	17	—	—	—	—	—	17
Flynn Lifts	753	753	—	—	—	—	—	753
Subtotal CTR1055	770	770	—	—	—	—	—	770
Subtotal Allocation	770	770	—	—	—	—	—	770
PTMISEA Interest:								
Central Subway	—	785	—	—	—	—	(785)	—
Subtotal Interest	—	785	—	—	—	—	(785)	—
Grand Total	\$ 410,382	14,179	—	—	56	—	(2,457)	11,778

See accompanying independent auditors' report.



KPMG LLP
Suite 1400
55 Second Street
San Francisco, CA 94105

**Independent Auditors' 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***

The Honorable Mayor and Board of Supervisors, and
San Francisco Municipal Agency Board of Directors
City and County of 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 San Francisco Municipal Transportation Agency (SFMTA) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the SFMTA's basic financial statements, and have issued our report thereon dated February 7, 2023.

Our report includes a reference to other auditors who audited the financial statements of Japan Center Garage Corporation (Japan Center) and Portsmouth Plaza Parking Corporation (Portsmouth), as described in our report on the SFMTA's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Portsmouth were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Portsmouth or that are reported on separately by those auditors who audited the financial statements of Portsmouth.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the SFMTA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SFMTA's internal control. Accordingly, we do not express an opinion on the effectiveness of the SFMTA'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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the SFMTA'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

KPMG LLP

San Francisco, California
February 7, 2023