SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA

Basic Financial Statements and Supplemental Schedules

June 30, 2026

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
CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA

Basic Financial Statements and Supplemental Schedules
June 30, 2026

TABLE OF CONTENTS

Independent Auditor's 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:

- Combining Schedule of Net Position 55
- Combining Schedule of Revenues, Expenses, and Changes in Net Position 57
- Transit Grants – Federal 58
- Transit Grants – California Transportation Commission 60
- Transit Grants – Metropolitan Transportation Commission 61
- Transit Grants – San Francisco County Transportation Authority 63
- Transit Grants – Others 65
- Streets Grants – Federal 66
- Streets Grants – California Transportation Commission 68
- Streets Grants – Metropolitan Transportation Commission 69
- Streets Grants – San Francisco County Transportation Authority 70
- Streets Grants – Others 71

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 72

INDEPENDENT AUDITOR'S 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), an enterprise fund of the City and County of San Francisco, California, as of and for the year ended June 30, 2026 and the related notes to the 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, 2026, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the City of San Francisco Japan Center Garage Corporation and the Portsmouth Plaza Parking Corporation which represents 0.2% of total assets and 0.1% of net position of the SFMTA as of June 30, 2026, and 0.5% of the total revenues of the SFMTA 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, is based solely on the reports of the other auditors.

Basis for Opinion

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 (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's 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 present only the SFMTA and 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, 2026, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. 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 accounting principles generally accepted in the United States of America, 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.

Auditor's 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 auditor's 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 6, 2026 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.

Crowe LLP

Crowe LLP

San Francisco, California
November 6, 2026

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, 2026. We encourage readers to consider the information presented here in conjunction with the information contained in the financial statements.

Overview of the Financial Statements

The SFMTA oversees transit (Muni), parking and traffic control operations, bicycles, and pedestrian programs, and taxis in the City. The SFMTA applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. The SFMTA is a major enterprise fund of the City, and its 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 the four elements presented in the statements. 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.

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 18 through 54 of this report.

The supplemental schedules found on pages 55 through 71 of this report are presented for the purpose of providing additional analysis and are not a required part of the financial statements.

Financial Summary

The following summary presents selected financial information for fiscal year 2026. Additional discussion and analysis of significant changes in the SFMTA's financial position and results of operations is provided in the Detailed Analyses section that follows.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $5,581.6 million.
- Net position increased by $218 million or 4.1% over the prior fiscal year.
- Net investment in capital assets increased by $111.2 million or 2% to $5,670.9 million.
- Total revenues increased by $76.7 million or 4.2% to $1,921.2 million
- Total operating expenses decreased by $43.1 million or 2.5% to $1,703.2 million.

Summary of Net Position and Operating Results

The following condensed financial information provides an overview of the SFMTA's Net Position and Revenues, Expenses, and Changes in Net Position for fiscal years 2026 and 2025. More detailed explanations of significant year-over-year changes are provided in the Detailed Analyses section that follows.

Condensed Summary of Net Position
June 30, 2026 and 2025
(In thousands)

		2026	2025
Assets:			
Current assets	$	1,335,156	1,154,687
Restricted noncurrent assets		128,924	138,649
Other noncurrent assets		61,996	72,279
Capital assets, net		6,200,739	6,127,468
Total assets		7,726,815	7,493,083
Deferred outflows of resources		477,610	461,091
Liabilities:			
Total current liabilities		355,762	387,762
Total noncurrent liabilities		2,123,515	2,009,701
Total liabilities		2,479,277	2,397,463
Deferred inflows of resources		143,525	193,045
Net position:			
Net investment in capital assets		5,670,947	5,559,700
Restricted		73,265	83,075
Unrestricted		(162,589)	(279,109)
Total net position	$	5,581,623	5,363,666

(Continued)

Condensed Summary of Revenues, Expenses, and Changes in Net Position
Years ended June 30, 2026 and 2025
(In thousands)

		2026	2025
Revenues:			
Total operating revenues	$	452,931	396,754
Total noncapital subsidies		1,033,507	1,035,155
Total other nonoperating revenues (expenses)		434,728	412,586
Total revenues		1,921,166	1,844,495
Expenses:			
Total operating expenses		1,703,209	1,746,284
Change in net position		217,957	98,211
Net position at beginning of year		5,363,666	5,265,455
Net position at end of year	$	5,581,623	5,363,666

Detailed Analyses

Net Position

During fiscal year 2026, the net position increased by $218 million or 4.1% compared to the prior year. The SFMTA's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $5,581.6 million.

Current assets increased by $180.5 million or 15.6%. Receivables increased by $91.6 million primarily due to higher grant billings, particularly to the Federal Transit Administration (FTA) for the Preventative Maintenance Project and to the Metropolitan Transportation Commission (MTC) for the Potrero Yard Modernization Project. Restricted and unrestricted cash and investments increased by $80.9 million mainly due to the receipt of $100 million in proceeds from a state emergency transit operating assistance loan. Inventories and prepaid assets also increased by $7.7 million and $0.3 million, respectively.

The restricted noncurrent assets decreased by $9.7 million or 7%, attributable to decreases of $10.5 million in capital project support from the City's general obligation bonds, $3.7 million in capital funding from revenue bonds, and $0.1 million in nonprofit garage reserve. These declines were partially offset by increases of $2.3 million in collections levied from Transportation Sustainability Fees, and $2.3 million in revenues from the Traffic Congestion Mitigation Tax.

Other noncurrent assets decreased by $10.3 million or 14.2% primarily due to a reduction in lease receivables resulting from the collection of lease payments during the year.

The capital assets increased by $73.3 million or 1.2%, mainly from procurement of new revenue vehicles including light rail vehicles, hybrid motor buses, and electric buses.

Deferred outflows of resources increased by $16.5 million or 3.6% due to a $34 million increase in pensions based on actuarial estimates, partially offset by decreases in other postemployment benefits (OPEB) of $17.4 million and in unamortized loss on refunding of debt of $0.1 million resulting from amortization of revenue bond refunding losses.

(Continued)

Total liabilities increased by $81.8 million, or 3.4%. The increase was primarily attributable to a $74.2 million increase in debt payable resulting from the emergency transit operating assistance loan, net of bond principal payments and the amortization of bond premiums. Liabilities also increased due to a $40.9 million increase in net pension liability, primarily driven by liability experience losses and benefit changes, partially offset by an investment experience gain. Additional increases included estimated claims of $24.9 million, grants received in advance of $3.2 million, and compensated absences of $1.8 million. These increases were partially offset by decreases in accrued payroll of $34.8 million, accounts payable and accrued expenses of $19.2 million, workers' compensation of $4.4 million, net other postemployment benefits liability of $4.1 million, and unearned revenue and other liabilities of $0.7 million.

The largest portion of the SFMTA's $5,581.6 million net position reflects its $5,670.9 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 $9,134.4 million was offset by accumulated depreciation and amortization of $2,933.7 million and related liabilities and deferred resource flows of $529.8 million. The SFMTA uses these assets to provide services. More information on capital assets can be found in Note 4 to the financial statements.

Deferred inflows of resources decreased by $49.5 million or 25.7% due to decreases of $27 million in OPEB and $13.8 million in pensions, both based on actuarial estimates, and $8.7 million in leases resulting from the amortization of deferred inflows recognized as lease revenue over the lease term.

The remainder of the SFMTA's net position consists of restricted and unrestricted net position. Restricted net position includes deposits, investments, and receivables, net of payables.

Results of Operations

Total revenues for the year ended June 30, 2026 were $1,921.2 million, an increase of $76.7 million or 4.2% compared to the prior year. The increase was attributable to higher operating revenues and other nonoperating revenues, partially offset by a decrease in noncapital subsidies.

Operating revenues increased by $56.2 million or 14.2% compared to the prior year. This was due to increases in passenger fare revenue of $19.9 million or 18.1%, penalties of $16.9 million or 17.1%, parking fees of $15.7 million or 15.2%, charges for services of $3 million or 9.1%, permit revenue by $2.3 million or 8.2%, and other revenues by $0.5 million or 36.2%. These increases were offset by decreases in advertising revenue of $1.5 million or 14.2% and in rental income of $0.6 million or 4.8%. The increase in passenger fares was mainly due to higher transit cash fare collections, driven by a 3.6% increase in Clipper and Muni Mobile single ride fares, a 1.2% increase in the Muni-only adult monthly pass fare, a 12.5% increase in Cable Car single ride fare, as well as continued growth in ridership. Parking fees increased primarily due to higher collections from parking meter transactions paid by credit card and through PayByPhone, as well as increased revenue from the Japan Center Garage facility. Charges for services increased mainly due to higher tow surcharge fees collected. Penalties increased primarily due to higher collections from parking citations and new revenue generated by the Automated Speed Enforcement program, which began issuing citations in August 2025. The increase in permits revenue was due to an increase in issuance of residential parking permits. The decrease in advertising revenue was due to a reduction in minimum annual guarantee payments for advertisements at transit shelters.

Noncapital subsidies include operating assistance from federal, state, and local sources, as well as transfers from the City and County of San Francisco and other City departments, to support operations and offset the cost of providing services. Noncapital subsidies decreased by $1.6 million or 0.2%, primarily due to an $84.7 million or 51.6% decrease in federal operating grants. This decrease was largely driven by American Rescue Plan Act (ARPA) funding recognized in the prior fiscal year that did not recur in fiscal year 2026. The decrease was partially offset by increases of $59.4 million or 10.8% in funding from the City's General Fund for revenue baseline subsidy, in lieu of parking tax, and population-based allocation, $20.4 million or 6.9% in state and other operating grants, $2.9 million or 24.2% in net transfers from other

(Continued)

City departments, and $0.4 million or 3% in paratransit operating services support from the San Francisco County Transportation Authority. The increase in state and other operating grants was primarily attributable to funding received under the California Senate Bill 125 (SB125) Transit Program and higher bridge toll revenues allocated by the MTC. The increase in net transfers from other City departments consisted of $2.6 million from the proceeds of the Traffic Congestion Mitigation Tax, and $0.3 million from other City departments.

Other nonoperating revenues (expenses) consist of revenues that are not generated from the SFMTA's primary operations, including interest income, interest expense, gain or loss on disposal of assets, development fees, capital contributions, transfers restricted for capital assets, and other miscellaneous revenues and expenses. Other nonoperating revenues increased by $22.1 million or 5.4% due to increases of $23 million or 7.1% in capital contributions, $14.1 million or 22% in capital funding from the City, and $4 million or 214.4% in development fees, and $0.1 million or 753.3% in other nonoperating revenues. These increases were partially offset by a $12.9 million or 26.9% decrease in interest and investment income and increases of $4.5 million or 26.8% in interest expense and $1.7 million or 24.2% in loss on disposal of assets. 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. The increase in capital expenditures incurred and billable to grantors was mostly related to spending on Potrero Yard Modernization along with train control system upgrades and hybrid coach replacement projects, offset by reductions in light rail vehicle replacements and trolley overhaul projects. The increase in capital funding from the City consisted of $7.6 million from general obligation bond proceeds, $4 million from the General Fund population-baseline allocation, $2.1 million from the Neighborhood Development Fund, and $0.4 million from the Community Development Block Grant funding. The decrease in interest and investment income was primarily due to lower interest earnings on pooled cash and investments.

Total operating expenses were $1,703.2 million, a decrease of $43.1 million or 2.5% compared to the prior year. The resulting net decrease reflects changes across various expense categories. Personnel services decreased by $82.4 million or 7.5%, primarily from decreases in pension expense, workers compensation expense and other postemployment benefits. Contractual services decreased by $15.1 million or 7.9% primarily due to lower non-capitalized project costs associated with the mid-life rehabilitation of the New Flyer transit vehicles and the design and construction of canopies at Market Street BART/Muni stations. Materials and supplies decreased by $4.5 million or 5.7% primarily due to lower spending on building and construction materials and safety supplies. Services from other City departments decreased by $0.9 million or 0.8% due to lower costs for legal services and police security services. Other operating expenses decreased by $0.6 million or 2.1% primarily attributable to higher cost recovery and lower paratransit-related costs compared to the prior year. These decreases were partially offset by a $50.5 million, or 848.3%, increase in general and administrative costs resulting from higher judgment and claims costs and increased claim liability accruals, and a $9.9 million, or 3.4%, increase in depreciation and amortization expense, primarily attributable to new light rail vehicles placed in service and infrastructure improvements related to the Better Market Street (5th-8th Streets) project.

The tables below illustrate the SFMTA's operating revenues by source and expenses by category for fiscal year 2026 as follows:

Operating Revenues Comparative
Years ended June 30, 2026 and 2025
(In thousands)

		2026	2025
Passenger fares	$	129,799	109,916
Parking and transportation		119,162	103,431
Fines, forfeitures, and penalties		115,358	98,490
Charges for services		36,183	33,155
Licenses, permits, and franchises		29,746	27,479
Advertising		9,119	10,626
Rents and concessions		11,690	12,281
Other		1,874	1,376
Total operating revenues	$	452,931	396,754

Operating Expenses Comparative
Years ended June 30, 2026 and 2025
(In thousands)

		2026	2025
Personnel services	$	1,018,874	1,101,263
Contractual services		176,847	191,959
Materials and supplies		74,063	78,577
Depreciation and amortization		298,203	288,340
Services from other City departments		104,977	105,861
General and administrative		56,463	5,954
Other operating expenses		(26,218)	(25,670)
Total operating expenses	$	1,703,209	1,746,284

Significant Capital Assets and Long-Term Financing Activity

Capital Assets

The SFMTA's investment in capital assets amounts to $6,200.7 million net of accumulated depreciation and amortization as of June 30, 2026. 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 $73.3 million or 1.2% compared to the previous year. This increase was attributed to acquisition of new revenue vehicles including light rail vehicles, hybrid motor buses, and electric buses.

(Continued)

Summary of Capital Assets
(In thousands)

	Balance, June 30, 2026	Balance, June 30, 2025
Capital assets not being depreciated/amortized:		
Land	$ 59,442	59,442
Construction in progress	758,644	684,684
Total capital assets not being depreciated/amortized	818,086	744,126
Capital assets being depreciated/amortized:		
Building structures and improvements	980,087	971,503
Equipment	2,400,140	2,370,456
Infrastructure	4,532,404	4,426,911
Intangibles	237,395	234,236
Right-to-use assets	166,350	170,987
Total capital assets being depreciated/amortized	8,316,376	8,174,093
Less accumulated depreciation/amortization for:		
Building structures and improvements	500,900	473,497
Equipment	1,084,962	1,100,387
Infrastructure	1,184,445	1,076,534
Intangibles	117,426	102,206
Right-to-use assets	45,990	38,127
Total accumulated depreciation/amortization	2,933,723	2,790,751
Total capital assets being depreciated/amortized, net	5,382,653	5,383,342
Total capital assets, net	$ 6,200,739	6,127,468

Construction in progress is made up of various transportation projects. The five projects that have the highest balances are the light rail vehicle procurement, facility upgrades, street improvements, Muni Forward Program, and train control system upgrades.

Significant capital asset additions included:

Construction in progress – A majority of the $375.6 million in costs incurred were for the procurement of light rail vehicles, hybrid motor buses and electric buses, facilities upgrades, street improvements, and train control system upgrades.

Facilities and improvements – The total of $8.6 million was incurred mainly for facility upgrades and Muni Forward Program.

Equipment – The total of $195.5 million was incurred mainly for procurement of light rail vehicles, hybrid motor buses, electric buses and paratransit vehicles, and facility upgrades.

Infrastructure – The total of $105.5 million was incurred mainly for street improvements, traffic signal upgrades, Muni Forward Program, and the Central Subway.

(Continued)

Long-Term Debt

At June 30, 2026, the SFMTA's outstanding bond debt obligations totaled $411.9 million. The following table summarizes the debt balances for fiscal years 2026 and 2025 (in thousands):

		2026	2025
Bonds payable	$	411,867	427,604

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

Total bond-related debt decreased by $15.7 million or 3.7% as of June 30, 2026 due to scheduled principal payments and the amortization of bond issuance premiums. The SFMTA carried underlying debt ratings of AA- from Standard & Poor's Global Ratings and Aa3 from Moody's Investors Service as of June 30, 2026.

In June 2026, the SFMTA entered into a $200 million State emergency transit operating assistance loan agreement to support operating needs. As of June 30, 2026, $100 million had been disbursed and was reported as a long-term liability.

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

Currently Known Facts, Decisions, or Conditions

State Loan Program

Assembly Bill 117, signed by Governor Newsom on February 19, 2026, required the California State Transportation Agency (CalSTA) to loan $590 million to the Metropolitan Transportation Commission (MTC) to make loans to four Bay Area transit operators—BART ($285 million), SFMTA ($200 million), AC Transit ($55 million), and Caltrain ($50 million) for public transit operating purposes. The MTC Loan provides a mechanism to address cash flow needs between the expiration of federal, regional, and state pandemic relief and the receipt of funds from the regional and local ballot measures, should they pass. For the SFMTA, the loan terms include a maximum principal amount of up to $200 million, a 12-year term maturing on June 3, 2038, and a variable interest rate based on the quarterly rate of the State's Surplus Money Investment Fund (SMIF) published by the State Controller. The agreement includes an interest-only period through June 30, 2028, followed by a ten-year amortization period through maturity. Repayment of the MTC Loan is secured by the revenue-based portion of State Transit Assistance (STA) funds allocable to SFMTA, pledged by MTC to CalSTA.

The SFMTA Board of Directors recommended approval of the loan agreement on June 2, 2026. The Board of Supervisors authorized execution on June 16, 2026, and the agreement was executed on June 22, 2026. Loan proceeds are disbursed in two equal installments. The first installment of $100 million was received on June 30, 2026. The second is scheduled for the first business day of January 2027, subject to adjustment following MTC's mid-year review in consultation with CalSTA. Based on a recent historical average SMIF rate of approximately 4 percent, the SFMTA estimates interest costs of approximately $8 million per year during the interest-only period and debt service of approximately $30 million per year during the amortization period, subject to rate fluctuation. Additional information regarding the loan is provided in Note 6.

Potrero Yard Modernization Project

During fiscal year 2026, the SFMTA and the City approved and executed the Infrastructure Facility Project Agreement for the Potrero Yard Modernization Project, and the project subsequently reached financial close. The project will replace the existing Potrero Yard with a modern bus maintenance and storage facility

and is scheduled for substantial completion in 2030. Under the Project Agreement, SFMTA will make milestone payments during development and construction and, following substantial completion, long-term availability payments over the operating term of the agreement. As a result, the project is expected to result in significant capital asset additions/upgrades and contractual payment obligations in future fiscal years.

Capital Improvement Program

In April 2026, the SFMTA Board adopted the Fiscal Year 2027–2031 Capital Improvement Program totaling approximately $2.5 billion, including capital budgets of approximately $655 million for fiscal year 2027 and $546 million for fiscal year 2028. The program provides for continued investment in fleet, facilities, transit infrastructure, state of good repair, safety and other transportation assets. Implementation of the adopted program is expected to result in significant capital expenditures and additions/upgrades to SFMTA's capital assets over the next several fiscal years. Future-year programming remains subject to availability of certain federal, state, regional and local funding sources.

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, 2026
(In Thousands)

Assets:		
Current assets:		
Cash and investments with City Treasury	$	907,279
Cash and investments outside City Treasury		7,718
Cash on hand		76
Receivables:		
Grants		238,676
Due from the San Francisco County Transportation Authority		41,313
Due from other City departments		513
Charges for services (net of allowance for doubtful accounts of $51)		6,419
Lease receivable		11,747
Interest and other		15,481
Inventories		104,578
Current prepaids and other assets		478
Restricted cash and investments with City Treasury		865
Restricted cash and investments outside City Treasury		13
Total current assets		1,335,156
Noncurrent assets:		
Restricted cash and investments with City Treasury, net of current portion		125,387
Restricted cash and investments outside City Treasury, net of current portion		2,325
Restricted interest and other receivables		1,212
Lease receivable, net of current portion		61,996
Capital assets not being depreciated/amortized		818,086
Capital assets being depreciated/amortized		5,382,653
Total noncurrent assets		6,391,659
Total assets		7,726,815
Deferred outflows of resources:		
Unamortized loss on refunding of debt		618
Related to pensions		368,417
Related to other postemployment benefits		108,575
Total deferred outflows of resources	$	477,610

(Continued)

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
Statement of Net Position
June 30, 2026
(In Thousands)

Liabilities:	
Current liabilities:	
Due to other funds	$ 81
Accounts payable and accrued expenses	52,058
Accrued payroll	28,863
Accrued compensated absences	71,605
Accrued workers' compensation	36,876
Accrued claims	62,369
Grants received in advance	58,480
Unearned revenue and other liabilities	10,561
Payable from restricted assets	7,376
Accrued interest payable	5,901
Bonds, loans, leases, and other payables	21,592
Total current liabilities	355,762
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	43,683
Accrued workers' compensation, net of current portion	151,602
Accrued claims, net of current portion	16,559
Net other postemployment benefits liability	680,697
Net pension liability	597,765
Bonds, loans, leases, and other payables, net of current portion	633,209
Total noncurrent liabilities	2,123,515
Total liabilities	2,479,277
Deferred inflows of resources:	
Related to leases	62,620
Related to pensions	2,932
Related to other postemployment benefits	77,973
Total deferred inflows of resources	143,525
Net position:	
Net investment in capital assets	5,670,947
Restricted for capital projects	70,773
Restricted for other purposes	2,492
Unrestricted	(162,589)
Total net position	$ 5,581,623

See accompanying notes to financial statements.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
Statement of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2026
(In Thousands)

Operating revenues:		
Passenger fares	$	129,799
Parking and transportation		119,162
Fines, forfeitures, and penalties		115,358
Charges for services		36,183
Licenses, permits, and franchises		29,746
Advertising		9,119
Rents and concessions		11,690
Other revenues		1,874
Total operating revenues		452,931
Operating expenses:		
Personnel services		1,018,874
Contractual services		176,847
Materials and supplies		74,063
Depreciation and amortization		298,203
Services from other City departments		104,977
General and administrative		56,463
Other operating expenses		(26,218)
Total operating expenses		1,703,209
Operating loss		(1,250,278)
Noncapital subsidies:		
Operating assistance-Federal		79,415
Operating assistance-State/Other		317,360
Transfers in - City and County of San Francisco – General Fund		608,520
Transfers in - San Francisco County Transportation Authority		13,402
Transfers in - City and County of San Francisco – Other City departments		15,937
Transfers out - City and County of San Francisco – Other City departments		(1,127)
Total noncapital subsidies		1,033,507
Operating loss and noncapital subsidies		(216,771)
Other nonoperating revenues (expenses):		
Interest and investment income		35,086
Interest expense		(21,582)
Gain (loss) on disposal of capital assets and inventory		(8,767)
Development fees		5,902
Other nonoperating revenues (expenses)		128
Capital Contributions-Federal		224,649
Capital Contributions-State/Other		120,842
Transfers in - restricted for capital assets		78,470
Total other nonoperating revenues (expenses)		434,728
Increase in net position		217,957
Net position at beginning of year		5,363,666
Net position at end of year	$	5,581,623

See accompanying notes to financial statements.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
Statement of Cash Flows
Year ended June 30, 2026
(In Thousands)

Cash flows from operating activities:		
Cash received from passengers and service contracts	$	390,476
Cash received from fines, forfeitures, and penalties		115,358
Cash received from tenants for rent		2,024
Cash paid to employees for services		(1,077,464)
Cash paid to suppliers for goods and services		(428,483)
Cash paid for judgments and claims		(14,514)
Net cash used in operating activities		(1,012,603)
Cash flows from noncapital financing activities:		
Operating grants		383,954
Transfers from the City and County of San Francisco - General Fund		608,520
Transfers from San Francisco County Transportation Authority		13,402
Transfers from the City and County of San Francisco – Other City departments		15,937
Proceeds from noncapital borrowing		100,000
Transfers to the City and County of San Francisco – Other City departments		(1,127)
Other noncapital increases		69
Net cash provided by noncapital financing activities		1,120,755
Cash flows from capital and related financing activities:		
Capital grants		266,271
Transfers from the City and County of San Francisco – for capital projects		78,470
Development fees		5,902
Receipts from leases		13,419
Proceeds from sale of capital assets		656
Acquisition of capital assets		(392,321)
Retirement of leases, subscriptions, bonds, and loans		(23,383)
Interest paid on long-term debt		(22,699)
Other capital financing increases		3,781
Net cash used in capital and related financing activities		(69,904)
Cash flows from investing activities:		
Interest and investment income		33,114
Net cash provided by investing activities		33,114
Net increase in cash and cash equivalents		71,362
Cash and cash equivalents – beginning of year		972,301
Cash and cash equivalents – end of year	$	1,043,663
Reconciliation of cash and cash equivalents to the statement of net position:		
Cash and investments with City Treasury:		
Unrestricted		907,279
Restricted		126,252
Cash and investments held outside City Treasury:		
Unrestricted		7,718
Restricted		2,338
Total cash and investments		1,043,587
Cash on hand		76
Total cash and cash equivalents, end of year	$	1,043,663

(Continued)

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
Statement of Cash Flows
Year ended June 30, 2026
(In Thousands)

Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(1,250,278)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization		298,203
Lease revenue amortization		(9,666)
Changes in operating assets and liabilities:		
Receivables		(2,625)
Inventories		(7,732)
Prepaid and others		(397)
Accounts payable and accrued expenses		(8,434)
Accrued payroll		(33,309)
Accrued compensated absences		1,778
Accrued workers' compensation		(4,363)
Accrued claims		24,883
Net other postemployment benefits liability		(13,655)
Net pension liability/asset		(6,888)
Due to other funds		81
Unearned revenues and other liabilities		(201)
Net cash used in operating activities		(1,012,603)
Non-cash capital and related financing activities :		
Accrued capital asset costs	$	26,335

See accompanying notes to financial statements.

(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 the eighth largest 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 Streets initiates and coordinates improvements to the City's streets, transit, bicycles, pedestrians, and parking infrastructure. It manages 22 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 City of San Francisco 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 SFMTA approves and oversees the budget and capital improvements and as authorized by the City Charter, sets the parking rates in garages under SFMTA's jurisdiction including the two parking garages. 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. The nonprofit corporations' annual financial statements are publicly available.

(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 are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as subsidies received and provided, contributions to permanent and term endowments, revenues and expenses related to financing, gains and losses from the disposal of capital assets and inventory, and investment income and expenses. Subsidies are defined as (1) resources received from another party (a) for which the proprietary fund does not provide goods and services to the other party and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party (a) for which the other party does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

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. Operating expenses of the SFMTA include costs associated with providing transportation services, including personnel costs, contractual services, materials and supplies, depreciation and amortization on capital assets, support services from other City departments, and other related expenses.

(b) New Accounting Standards Adopted in Fiscal Year 2026

(i) GASB Statement No. 103

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement 1) introduces revisions to MD&A, 2) updates the presentation of proprietary funds, distinguishing between operating and nonoperating revenues and expenses, 3) requires the display of inflows and outflows related to each unusual or infrequent item separately, 4) requires presentation of each major component unit separately in the government-wide statement of net position and statement of activities, and 5) requires presentation of budgetary comparison information in required supplementary information. The new standard is effective for periods beginning after June 15, 2025 and is effective for the SFMTA's fiscal year ending June 30, 2026. Application of this statement resulted in changes to the presentation and classification of certain information and amounts in the SFMTA's financial statements, MD&A and other required supplementary information, but did not affect the SFMTA's total net position.

(ii) GASB Statement No. 104

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This statement requires certain types of capital assets, such as lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to be disclosed separately by major classes of underlying

assets in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, are also required to be disclosed separately. Furthermore, the statement requires intangible assets other than those three types to be disclosed separately by major class. Finally, the statement requires additional disclosures for capital assets held for sale. The new standard is effective for periods beginning after June 15, 2025 and is effective for the SFMTA's fiscal year ending June 30, 2026. Application of this statement resulted in additional disclosures related to certain capital assets, as discussed in Note 4, Capital Assets, but did not affect the SFMTA's total net position.

(c) Effects of Future Pronouncements

(i) GASB Statement No. 105

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. This statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. In addition to requiring the date through which subsequent events have been evaluated to be disclosed, the statement also clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The new standard is effective for fiscal years beginning after June 15, 2026. Application of this statement will be effective for the SFMTA's fiscal year ending June 30, 2027.

(d) Cash and Cash Equivalents and Investments

The SFMTA maintains its cash and investments and a portion of its restricted cash 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.

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 non-pooled deposits and investments for the SFMTA. Non-pooled restricted deposits and highly liquid investments with original maturities of three months or less are considered to be cash equivalents.

(e) Inventories

Inventories consist primarily of vehicle parts, maintenance materials, and operating supplies used in transit operations. They are stated at cost, determined using the average cost method, which approximates weighted-average cost. The consumption method of accounting is used, under which inventories are recorded as assets when purchased and expensed as they are consumed in operations.

Rebuilt inventory items include motors, transmissions, and other smaller components that have been removed from existing coaches, overhauled, and repaired for reuse. These rebuilt items are valued at the cost of labor and materials incurred during the rebuilding process, consistent with the SFMTA's average cost inventory valuation policy.

Inventories are periodically reviewed for obsolescence or impairment, and items identified as no longer usable are written down to their estimated net realizable value or removed from inventory.

(f) Capital Assets

Capital assets are stated at cost except for lease and subscription right-to-use assets. All construction in progress items over $100,000 and nonconstruction in progress items over $10,000 are capitalized. Artifacts held for public exhibition are not capitalized. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets, which range from 1 to 75 years for building structures and improvements, infrastructure, equipment, depreciable land improvement, intangible assets, and right-to-use assets. Generally, no depreciation is recorded in the year of acquisition, and a full year's depreciation is taken in the year of disposal.

	Years
Building structures and improvements	2 to 60
Infrastructure	1 to 75
Equipment	1 to 30
Land improvement, depreciable	5 to 50
Intangible assets	5 to 20
Right to use assets	1 to 73

(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 is offset against the related debt and is also amortized using the effective interest method. Deferred outflows/inflows of resources from refunding of debt are recognized as a 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 Compensated Absences

Employees may accumulate earned, but unused leave benefits up to a specified maximum, as outlined in their applicable leave policies. In accordance with GASB Statement No. 101, *Compensated Absences*, the SFMTA recognizes liabilities for leaves that are attributable to services already rendered, will be paid upon separation or usage, and are more likely than not to be used or paid. Compensated absences that meet these criteria consist of vacation, sick, compensatory time, and other holidays and leaves. Compensated absences liability, including employer payroll taxes and the employer's share of social security and Medicare taxes, is reported as both current and noncurrent liabilities in the statement of net position. The current pay rates of active employees are applied to leave balances in effect at fiscal year-end.

(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 net position represents 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, offset by related liabilities paid from restricted assets. Net investment in capital assets includes capital assets net of accumulated depreciation and amortization and outstanding balances of debt invested in capital projects, including debt related deferred outflows and inflows of resources, that are attributable to the acquisition, construction, or improvement of those assets. Unrestricted net position is the residual amount not included in the above categories. At June 30, 2026, the SFMTA reported $70.8 million restricted for capital projects, $2.5 million restricted for other purposes, and $5,670.9 million in net investment in capital assets.

(k) Capital Grants and Contributions

Capital grants and contributions from external sources are recognized as capital contribution earned when approved by the granting authority and 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 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 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 share for transportation impacts from new residents and workers. TSF funds transit capital maintenance, transit capital facilities, and complete streets infrastructure. The fees are assessed by the Planning Department and collected by the Department of Building Inspection on behalf of the SFMTA.

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.

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 and TSF.

Development fees of $5.9 million were recorded as other 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. 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.

(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 and Subscription-Based Information Technology Arrangements

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.

Subscription-Based Information Technology Arrangements

Subscription-based information technology arrangements (SBITAs) are defined as a contract that conveys control of the right-to-use another entity's IT software, alone or in combination with tangible capital assets for a specified period. The SFMTA has noncancellable subscription arrangements (similar to a lease) for the right-to-use various information technology hardware and software (SBITAs).

Short-term Leases or SBITAs

For leases or SBITAs with a maximum possible term of 12 months or less at commencement, the SFMTA recognizes lease revenue when the SFMTA enters into a lessor lease agreement or lease expense/subscription expense when SFMTA enters into a lessee lease or subscription agreement based on the provisions of the lease contract or SBITA. 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 or SBITAs Other Than Short-term

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

Measurement of Lease Amounts (Lessee or Subscriber)

The SFMTA's lease liability or subscription liability is recorded at the present value of future minimum lease or subscription payments as of the date of inception. Subsequently, the lease liability or subscription liability is reduced by the principal portion of lease or subscription payments made. The lease asset or subscription asset is initially measured as the initial amount of the lease liability or subscription liability, plus lease or subscription payments made at or before the lease or subscription commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease or subscription incentives received at or before the lease or subscription commencement date. For SBITAs, subscription assets also include qualified software implementation costs. Subsequently, the lease asset or subscription asset is amortized into depreciation and amortization expense on a straight-line basis over the shorter of the lease/subscription 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 lease at or before the commencement of the lease term that relate to 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/subscription payments, (b) lease/subscription terms, (c) lease/subscription payments, and (d) materiality threshold.

- The SFMTA generally uses its estimated incremental borrowing rate (IBR) as the discount rate for leases or SBITAs unless the rate is implicit in the agreement. 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 or subscription term includes the noncancellable period of the lease or SBITA, 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 or subscription 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.
- Leases or SBITAs have a capitalization threshold of $100,000. Leases that are 70% below market rent and/or ground leases determined to be below market rent (BMR) are excluded from lease capitalization.

Remeasurement of Lease or SBITAs

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

Presentation in Statement of Net Position

Lease assets and subscription assets are reported with capital assets. Lease liabilities and subscription liabilities are reported with current and 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.

(r) Prior Year Reclassification

Certain amounts presented in fiscal year 2025 have been reclassified to conform to the current year's presentation following the implementation of GASB Statement No. 103, *Financial Reporting Model Improvements*. These reclassifications were made to enhance comparability and consistency in financial reporting and had no effect on change in net position, total net position, assets, liabilities, or deferred inflows/outflows of resources.

(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, 2026, the SFMTA's unrestricted and restricted cash and investments with City Treasury totaled $1,033.5 million, which represents 5.6% of the City's investment pool.

The unrestricted cash and investments outside the City Treasury are cash held by an independent trustee of $4.4 million, taxi medallion collateral sale of $1.8 million, cash held by two nonprofit parking garage corporations totaling $1.3 million, revolving fund of $0.2 million, and cash on hand of $0.1 million. The SFMTA had restricted cash and investments of $2.3 million held outside the City's investment pool 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
16.1%	18.5%	15.8%	49.6%

(Continued)

The following table shows the restricted and unrestricted cash and investments outside City Treasury as of June 30, 2026 (in thousands):

Cash and investments outside City Treasury			
Investment	**Fair value measurement**	**Maturities**	**Fair value**
U.S. Treasury notes	Level 1	Less than 1 year	$ 6
Money market funds	Exempt	Less than 1 year	4,408
Certificates of deposit	Exempt	Less than 1 year	950
Cash and cash equivalents	Exempt		4,692
		Total	$ 10,056

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.

(4) Capital Assets

Capital asset balances and their movements as of and for the year ended June 30, 2026 are as follows (in thousands):

	Balance, July 1, 2025	Increases	Decreases	Balance, June 30, 2026
Capital assets not being depreciated/amortized:				
Land	$ 59,442	—	—	59,442
Construction in progress	684,684	375,600	(301,640)	758,644
Total capital assets not being depreciated/amortized	744,126	375,600	(301,640)	818,086
Capital assets being depreciated/amortized:				
Building structures and improvements	971,503	8,584	—	980,087
Equipment	2,370,456	192,374	(162,690)	2,400,140
Infrastructure	4,426,911	105,493	—	4,532,404
Intangibles	234,236	3,159	—	237,395
Right-to-use assets:				
Land	23,424	—	—	23,424
Building/Facility	137,956	1,578	(2,984)	136,550
Equipment	2,771	—	(2,771)	—
Subscription IT assets	6,836	—	(460)	6,376
Total capital assets being depreciated/amortized	8,174,093	311,188	(168,905)	8,316,376
Less accumulated depreciation/amortization for:				
Building structures and improvements	473,497	27,403	—	500,900
Equipment	1,100,387	136,346	(151,771)	1,084,962
Infrastructure	1,076,534	107,911	—	1,184,445
Intangibles	102,206	15,220	—	117,426
Right-to-use assets:				
Land	1,356	339	—	1,695
Building/Facility	31,312	7,929	(229)	39,012
Equipment	2,363	408	(2,771)	—
Subscription IT assets	3,096	2,647	(460)	5,283
Total accumulated depreciation/amortization	2,790,751	298,203	(155,231)	2,933,723
Total capital assets being depreciated/amortized, net	5,383,342	12,985	(13,674)	5,382,653
Total capital assets, net	$ 6,127,468	388,585	(315,314)	6,200,739

Certain buses, light rail vehicles, vans, trucks, and other equipment were sold, disposed of, and retired in fiscal year 2026. The net loss on disposal or retirement is $8.8 million.

Construction in progress consists of the following projects as of June 30, 2026 (in thousands):

Light Rail Vehicle Procurement	$	200,428
Facility Upgrades		160,689
Street Improvements		124,845
Muni Forward Program		58,315
Train Control System Upgrades		47,321
Traffic Signal Upgrades		32,561
New Asset Management System		25,483
Customer Information System		25,230
Motor Bus Hybrid Procurement		23,301
Traffic Sign Installation/Traffic Calming		14,553
Rail Replacement		14,471
Electric Bus Procurement		7,472
Cable Car Gearbox Rehab		5,112
Electric Vehicle Charge Station		4,352
Security Projects		1,270
Radio Replacement		906
Trolley Overhead Reconstruction		886
Islais Creek-Woods Annex		869
Paratransit Vehicles		266
Historic Street Car Renovation		246
Central Subway		135
LRV Overhaul		101
Others		9,832
	$	758,644

(Continued)

(5) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses totaled $52.1 million at June 30, 2026. 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 owed to private individuals or organizations for goods and services, and retainage payable on construction contracts.

As of June 30, 2026, accounts payable and accrued expenses consisted of the following (in thousands):

Vouchers payable	$	5,856
Accruals		46,141
Contracts retainage		61
Total accounts payable and accrued expenses	$	52,058

(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 $175 million to refund all outstanding Series 2012A and B, Series 2013, and Series 2014 revenue bonds. The net proceeds of $176.3 million (consisting of the $170.5 million of the Series 2021A bonds, plus $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. The refunding resulted in the recognition of a deferred accounting loss of $0.9 million and an economic gain of $24.5 million or 15.7% of the refunded 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.

(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.

(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.

(Continued)

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

	Final maturity date	Remaining interest rate	Balance June 30, 2026
Revenue Bonds Series 2017	2047	3%–5%	$ 144,075
Revenue Refunding Bonds Series 2021A	2044	1.102%–2.804%	134,955
Revenue Refunding Bonds Series 2021B	2031	4%	4,480
Revenue Bonds Series 2021C	2051	4%–5%	104,285
			387,795
Unamortized issuance premium			24,072
Total long-term obligations			$ 411,867

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

	Principal	Bond interest	Total
Year ending June 30:			
2027	$ 14,745	13,183	27,928
2028	15,080	12,846	27,926
2029	15,455	12,475	27,930
2030	15,860	12,066	27,926
2031	16,305	11,626	27,931
2032-2036	70,085	51,636	121,721
2037-2041	67,510	42,240	109,750
2042-2046	78,570	30,009	108,579
2047-2051	94,185	12,996	107,181
	$ 387,795	199,077	586,872

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 these requirements for the fiscal year ended 2026. The SFMTA sets aside operational reserves to cover for contingencies and to provide liquidity in connection with its outstanding debt. The debt reserve is maintained at an amount equal to at least one year of its annual debt service requirement. The operational debt reserve was $28 million in fiscal year 2026. The SFMTA also maintains reserved contingency funds at 10% of operating expenditures of each year's Board approved budget. The contingency reserve was $159 million in fiscal year 2026.

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's General Fund allocations and restricted sources and are payable through fiscal year 2051.

Annual principal and interest payments for fiscal year 2026 were 17.4% 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 2026, 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		586,872
Principal and interest paid during the year		27,598
Net revenue for the year		131,416
Fund available for revenue bond debt service		159,013

On June 22, 2026, the SFMTA entered into a loan agreement with MTC providing for borrowings of up to $200 million for emergency transit operating assistance authorized under Section 75227 of the California Public Resources Code. Loan proceeds are to be disbursed in two installments. SFMTA received the first installment of $100 million on June 30, 2026, leaving $100 million of authorized but undisbursed borrowing capacity under the agreement. The remaining installment is scheduled to be disbursed on January 4, 2027, subject to any adjustments resulting from MTC's midyear evaluation in coordination with CalSTA, as provided in the loan agreement. The loan bears interest at a variable rate based on the State of California's Surplus Money Investment Fund (SMIF) rate. Investment earnings on undistributed loan proceeds held by MTC are applied as credits against SFMTA's interest payment obligations until such proceeds are disbursed. The loan requires quarterly interest only payments commencing August 28, 2026 through June 30, 2028. The principal amortization schedule will be jointly determined by SFMTA and MTC on or before March 31, 2028, in accordance with the loan agreement. Thereafter, during the amortization period from July 1, 2028 through June 3, 2038, quarterly principal and interest payments are due commencing September 5, 2028. The loan is secured solely by, and payable only from, State Transit Assistance (STA) revenues allocated to SFMTA. Events of default include failure to make required payments, failure to perform obligations under the loan agreement following applicable notice periods, certain bankruptcy or insolvency events, and material misrepresentations. Upon certain events of default, pledged STA revenues may be used to repay the loan and, in certain bankruptcy or insolvency events, all outstanding amounts may become immediately due and payable. As of June 30, 2026, the outstanding principal balance was $100 million, and no principal or interest payments were due.

On October 1, 2016, Portsmouth entered into a loan agreement with First Republic Bank to finance the garage renovation project with a maximum principal amount of $12.5 million, which was amended on February 1, 2019, to reduce the maximum loan amount to $12.0 million. In 2025, JPMorgan Chase Bank became the lender under the agreement following its acquisition of First Republic Bank, with no changes to the loan terms. Drawdowns are limited to one disbursement per month with a minimum draw of $250 thousand. The loan has a 30-year term, bears interest at 3.3% per annum, and is secured by all business assets of the garage. The agreement requires the Corporation to maintain a reserve account restricted for loan repayment and to comply with a debt service coverage ratio of 1.25:1 each fiscal year. In the event of default, including failure to make required payments or comply with the debt service coverage ratio covenant, all outstanding amounts become immediately due and payable. As of June 30, 2026, the outstanding loan balance was $10 million, and the reserve account held by the lender totaled $1 million. The SFMTA is not responsible for repayment of the loan or any aspect of loan performance and reports this information solely on behalf of another governmental entity.

The changes in long-term debt for the SFMTA for year ended June 30, 2026 are as follows (in thousands):

	July 1, 2025	Interest accretion, and net increases	Maturities, retirements, and net decreases	June 30, 2026	Amounts due within one year
Bonds payable:					
Revenue bonds	$ 402,240	—	(14,445)	387,795	14,745
Add/less unamortized amounts:					
For issuance premiums	25,364	—	(1,292)	24,072	—
Total bonds payable	427,604	—	(15,737)	411,867	14,745
Direct borrowings	10,295	100,000	(337)	109,958	348
Lease and SBITA liabilities	142,740	1,967	(11,731)	132,976	6,499
Total long-term debt and loans	$ 580,639	101,967	(27,805)	654,801	21,592

(7) Leases and Subscription-Based Information Technology Arrangements

(a) The SFMTA as Lessee and Subscriber

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 73 years. The SFMTA also has noncancellable subscription arrangements (similar to a lease) for the right-to-use various information technology hardware and software (SBITAs).

A summary of changes in the related lease liabilities and subscription liabilities during the year ended June 30, 2026 is as follows (in thousands):

	Balance July 1, 2025	Additions	Deductions	Balance June 30, 2026	Amounts due within one year
Lease liabilities	$ 140,193	1,967	(9,184)	132,976	6,499
SBITA liabilities	2,547	—	(2,547)	—	—
Total	$ 142,740	1,967	(11,731)	132,976	6,499

(Continued)

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

	Principal	Interest	Total
Year ending June 30:			
2027	$ 6,499	2,358	8,857
2028	6,035	2,248	8,283
2029	4,926	2,148	7,074
2030	5,060	2,057	7,117
2031	5,274	1,963	7,237
2032-2036	28,738	8,302	37,040
2037-2041	36,439	5,327	41,766
2042-2046	16,797	2,379	19,176
2047-2051	—	2,352	2,352
2052-2056	—	2,727	2,727
2057-2061	—	3,161	3,161
2062-2066	—	3,664	3,664
2067-2071	—	4,248	4,248
2072-2076	—	4,925	4,925
2077+	23,208	8,782	31,990
	$ 132,976	56,641	189,617

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 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 $1.8 million during the year ended June 30, 2026.

During fiscal year 2026, no variable subscription payments were made for the SFMTA's subscription IT arrangements.

(b) SFMTA as Lessor

The SFMTA has leased facilities, easements, communication sites, and equipment to various tenants. The terms and conditions for these leases vary, which range between 1 and 45 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. No additional variable lease payments were recognized during the year ended June 30, 2026.

For the year ended June 30, 2026, the SFMTA recognized $10.2 million in lease revenue and $1.8 million in interest income related to these leases.

Principal and interest requirements to maturity for the lease receivable at June 30, 2026 are as follows (in thousands):

	Principal	Interest	Total
Year ending June 30:			
2027	$ 11,747	1,562	13,309
2028	12,053	1,267	13,320
2029	12,164	961	13,125
2030	1,732	772	2,504
2031	1,192	735	1,927
2032-2036	4,355	3,307	7,662
2037-2041	3,309	2,941	6,250
2042-2046	3,664	2,586	6,250
2047-2051	4,056	2,194	6,250
2052-2056	4,490	1,760	6,250
2057-2061	4,970	1,280	6,250
2062-2066	5,502	748	6,250
2067-2071	4,509	178	4,687
2072-2076	—	—	—
2077+	—	—	—
	$ 73,743	20,291	94,034

(8) Other Long-Term Liabilities

The changes in other long-term obligations for the SFMTA for year ended June 30, 2026 are as follows (in thousands):

	July 1, 2025	Net increases	Net decreases	June 30, 2026	Amounts due within one year
Accrued compensated absences	$ 113,510	1,791	(13)	115,288	71,605
Accrued workers' compensation	192,841	35,584	(39,947)	188,478	36,876
Accrued claims	54,045	39,397	(14,514)	78,928	62,369
Net other postemployment benefits liability	684,822	—	(4,125)	680,697	—
Net pension liability	556,813	40,952	—	597,765	—
Total other long-term liabilities	$ 1,602,031	117,724	(58,599)	1,661,156	170,850

(Continued)

(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)	July 1, 2024 updated to June 30, 2025
Measurement Date (MD)	June 30, 2025
Measurement Period (MP)	July 1, 2024 to June 30, 2025

SFERS Plan – The City is an employer of the plan with a proportionate share of 95.08% as of June 30, 2025 (measurement date), 0.37% 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 2025. 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 14.33% as of the measurement date.

Replacement Benefits Plan – The SFMTA's allocation percentage was determined based on the SFMTA's total pension liabilities divided by the City's total pension liabilities for fiscal year 2025. 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 0.24% as of the measurement date.

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 also provides for a Supplemental COLA in years when earnings in excess of the expected earnings on the actuarial value of the asset, subject to certain criteria. The maximum benefit adjustment each July 1 is 3.5%, including the Basic COLA. Proposition A passed on November 8, 2022 making members who retired before November 6, 1996 (Pre96 Retirees) eligible for a Supplemental COLA, even if SFERS is not fully funded based on the fair value of assets. Under Proposition A, Pre96 Retirees receive the same Supplemental COLAs as the members hired after November 6, 1996 and 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 or 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 11%, as a percentage of gross covered salary in both fiscal years 2026 and 2025. Most employee groups agreed through collective bargaining for employees to contribute the full amount of the employee contributions on a pre-tax basis. The City is required to contribute at an actuarially determined rate. Based on the July 1, 2024 actuarial report, the required employer contribution rate for fiscal year 2026 ranges from 14.53% to 16.53%. Based on the July 1, 2023 actuarial report, the required employer contribution rate for fiscal year 2025 ranges from 14.91% to 16.91%.

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, 2025 (measurement year) was $651 million. The SFMTA's allocation of employer contributions for fiscal years 2025 was $96 million and $93.2 million for fiscal year 2024.

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 $3.1 million replacement benefits in the year ended June 30, 2026. The SFMTA's allocated portion was $7.5 thousand and $7.8 thousand in the years ended June 30, 2026 and 2025, respectively.

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

As of June 30, 2026, the City reported net pension liability for its proportionate share of the net pension liability of the SFERS Plan and net pension liability of RBP of $4.3 billion. The City's net pension liability for the SFERS Plan is measured as the proportionate share of the net pension liability. The net pension liability of the SFERS Plan is measured as of June 30, 2025 (measurement date), and the total pension liability for the SFERS Plan and RBP used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024 rolled forward to June 30, 2025 using standard update procedures. The City's proportion of the net pension 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.

As of June 30, 2026, the SFMTA's allocation of the City's proportionate share of the net pension liability for each plan was as follows (in thousands):

	June 30, 2025 (Measurement Date)	
	SFMTA Proportionate Share	Share of Net Pension Liability (Asset)
SFERS Plan	14.327%	$ 597,441
Replacement Benefits Plan	0.241%	324
Total		$ 597,765

For the year ended June 30, 2026, the City's recognized pension expense was $678.2 million including amortization of deferred outflows/inflows related pension items. Pension expense decreased from the prior year, representing the change in the net impact on the City's Statement of Net Position plus SFERS employer contribution and RBP actual benefits paid. The SFMTA's allocation of pension expense including amortization of deferred outflows/inflows related pension items was as follows (in thousands):

	Pension Expenses
SFERS Plan	$ 87,923
Replacement Benefits Plan	10
Total	$ 87,933

At June 30, 2026, the SFMTA's reported deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources (in thousands):

	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	$ 94,819	—	—	—
Differences between expected and actual experience	133,656	—	54	35
Changes in assumptions	21,415	—	—	87
Net difference between projected and actual earnings on pension plan investments	110,553	—	—	—
Changes in employer's proportion	7,765	2,810	155	—
Total	$ 368,208	2,810	209	122

(Continued)

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 pension expense as follows (in thousands):

		Deferred outflows (inflows) of resources	
		SFERS Plan	Replacement Benefits Plan
Year ending June 30:			
2027	$	200,946	36
2028		43,610	30
2029		17,026	22
2030		8,997	(1)
	$	270,579	87

At June 30, 2026, the SFMTA reported $94.8 million as deferred outflows of resources related to contributions subsequent to the measurement date, which will be recognized as an adjustment to net pension liability in the reporting year ended June 30, 2027.

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, 2025 (measurement year) is provided below, including any assumptions that differ from those used in the July 1, 2024 actuarial valuation. Refer to the July 1, 2024 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	July 1, 2024 updated to June 30, 2025
Measurement Date	June 30, 2025
Actuarial Cost Method	Entry-Age Normal Cost
Expected Rate of Return	7.20% net of investment expenses
Municipal Bond Yield	5.20% as of June 30, 2025 3.93% as of June 30, 2024 Bond Buyer 20-Bond GO Index, June 27, 2024 and June 26, 2025
Inflation	2.50%
Projected Salary Increases	3.25% plus merit component based employee classification and years of service
Discount Rate	7.20% as of June 30, 2025 7.20% as of June 30, 2024
Administrative Expenses	0.60% of payroll as of June 30, 2025 0.60% of payroll as of June 30, 2024

Basic COLA		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
	June 30, 2024	2.00%	1.90%	2.50%	3.60%
	June 30, 2025	2.00%	1.90%	2.50%	3.60%

(Continued)

Changes of Assumptions SFERS Plan – There were no changes in the discount rate for the measurement period ended June 30, 2025. The municipal bond yield increased from 3.93% to 5.2%.

Key Actuarial Assumptions	Replacement Benefits Plan
Valuation Date	July 1, 2024 updated to June 30, 2025
Measurement Date	June 30, 2025
Actuarial Cost Method	Entry-Age Normal Cost
Municipal Bond Yield	5.20% as of June 30, 2025
	Bond Buyer 20-Bond GO Index, June 27, 2024 and June 26, 2025
Inflation	2.50%
Projected Salary Increases	3.25% plus merit component based employee classification and years of service
Discount Rate	5.20% as of June 30, 2025
Administrative Expenses	0.60% of payroll as of June 30, 2025

Basic COLA		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
	June 30, 2024	2.00%	1.90%	2.50%	3.60%
	June 30, 2025	2.00%	1.90%	2.50%	3.60%

Changes of Assumptions Replacement Benefits Plan – Both discount rate for the measurement period ended June 30, 2025 and the municipal bond yield increased from 3.93% to 5.2%.

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, 2025 measurement date were based upon the result of a demographic experience study for the period July 1, 2014 through June 30, 2019 and a review of economic assumptions as of July 1, 2024.

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 7.2% as of June 30, 2025 (measurement date) and 7.2% June 30, 2024 (measurement date).

The discount rate used to measure the Total Pension Liability as of June 30, 2025 was 7.2%. 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, 2024 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. However, the change due to Proposition A was amortized over 10 years. In the July 1, 2016 valuation, the increase in the unfunded actuarial liability attributable to the Supplemental COLAs granted effective July 1, 2013 was amortized over 17 years. For the July 1, 2021 valuation, all amortization periods for actuarial gains and losses and prior assumption changes were reduced to 5 years. The assumption change effective July 1, 2021 is amortized over 20 years. Future experience gains and losses and assumption or method changes on or after July 1, 2021 are amortized over 20 years. If the plan becomes 100% funded based on the actuarial value of assets, any new net surpluses are amortized over a rolling 20-year period. 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 were hired before Proposition C passed, 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 were hired after Proposition C passed, the market value of assets must also exceed the actuarial liability for a Supplemental COLA to be granted. When a Supplemental COLA is granted, the amount depends on the amount of excess earnings and the basic COLA amount for each membership group. Most members receive a 1.5% Supplemental COLA when a full Supplemental COLA is granted.

A 1.5% Supplemental COLA is expected to be payable as of July 1, 2025 for most non-Prop C members due to the favorable investment returns for fiscal year ended 2025. The table below shows the net assumed Supplemental COLA for members with a 2% Basic COLA for sample.

Assumed Supplemental COLA for Members with a 2.00% Basic COLA

FYE	96 - Prop C	Before 11/6/96 or After Prop C
2027+	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 future benefit payments for current members through 2108. Projected benefit payments are discounted at the long-term expected return on assets of 7.2% to the extent the fiduciary net position is available to make the payments and at the municipal bond rate of 5.2% to the extent they are not available. The single equivalent rate used to determine the Total Pension Liability as of June 30, 2025 is 7.2%.

The long-term expected rate of return on pension plan investments was 7.2%. 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 best-estimate of expected future nominal rates of return for each major asset class over 10 and 30-year horizons. These estimates were combined to produce the long-term expected rate of return by weighting the expected future nominal rates of return by the target asset allocation percentage. The target allocation and best estimates of geometric long-term expected real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class are summarized in the following table.

Asset Class	Target Allocation effective as of July 2024	Long-Term Expected Real Rate of Return
Global Equity	32.0%	3.7%
Treasuries	8.0	1.8
Liquid Credit	12.0	3.8
Private Credit	10.0	6.2
Private Equity	20.0	8.2
Real Assets	10.0	5.6
Absolute Return	10.0	3.9
Cash	1.0	1.1
Leverage	(3.0)	1.4
	100.0%	

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 5.2% as of June 30, 2025. 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 27, 2024 and June 26, 2025. These are the rates used to determine the total pension liability as of June 30, 2025.

The inflation assumption of 2.5% compounded annually was used for projecting the annual IRC Section 415(b) limitations. The actual IRC Section 415(b) limitations published by the IRS of $280 thousand was used for the 2025 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, 2026, City's membership in the RBP had a total of 847 active members and 161 retirees and beneficiaries currently receiving benefits. The SFMTA had 53 active members and 2 retirees and beneficiaries currently receiving benefits.

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).

	June 30, 2025 (measurement year)		
Employer	1% decrease share of NPL/(NPA) @ 6.20%	Share of NPL/(NPA) @ 7.20%	1% increase share of NPL/(NPA) @ 8.20%
SFMTA	$ 1,348,104	597,441	(21,002)

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).

	June 30, 2025 (measurement year)		
Employer	1% decrease share @ 4.20%	Measurement date @ 5.20%	1% increase share @ 6.20%
SFMTA	$ 376	324	282

(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 pre-tax 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.

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, 2024 updated to June 30, 2025
Measurement Date (MD)	June 30, 2025
Measurement Period (MP)	July 1, 2024 to June 30, 2025

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, 2025. 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 17.29% 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 under Charter Section 8.603.

[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 – Blue Shield (self-insured) and UHC Medicare Advantage (fully-insured) HMO – Kaiser (fully-insured), Blue Shield (flex-funded) and Health Net (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.

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 pre-tax 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 pre-tax 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 pre-tax compensation into the Trust Fund. Beginning on July 1st 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 pre-tax 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 1st 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 pre-tax 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, 2026, the City's funding was based on "pay-as-you-go" plus a contribution of $54.5 million to the Retiree Healthcare Trust Fund. The "pay-as-you-go" portion paid by the City was $263.8 million for a total contribution of $318.3 million for the fiscal year ended June 30, 2026. The SFMTA's proportionate share of the City's contributions for fiscal year 2026 was $55 million.

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

As of June 30, 2026, the City reported net OPEB liabilities related to the Plan of $3.9 billion. The SFMTA's proportionate share of the City's net OPEB liability as of June 30, 2026 was $680.7 million.

For the year ended June 30, 2026, the City's recognized OPEB expense was $298.4 million. Amortization of the City's deferred outflows/inflows is included as a component of OPEB expense. The SFMTA's proportionate share of the City's OPEB expense was $41.4 million.

As of June 30, 2026, the SFMTA reported its proportionate share of the City's deferred outflows/inflows of resources related to OPEB from the following sources (in thousands):

		Deferred outflows of resources	Deferred inflows of resources
Contributions subsequent to measurement date	$	55,045	—
Differences between expected and actual experience		11,743	41,548
Changes in assumptions		20,835	—
Net difference between projected and actual earnings on plan investments		—	9,893
Change in proportion		20,952	26,532
Total	$	108,575	77,973

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 as follows (in thousands):

	Deferred outflows (inflows) of resources
Year ending June 30:	
2027	$ (7,655)
2028	(9,395)
2029	(3,234)
2030	(3,074)
2031	(1,990)
Thereafter	905
	$ (24,443)

At June 30, 2026, the SFMTA reported $55 million as deferred outflows of resources related to contributions subsequent to the measurement date, which will be recognized as an adjustment to net OPEB liability/(asset) in the reporting year ending June 30, 2027.

Actuarial Assumptions

A summary of the actuarial assumptions and methods used to calculate the total OPEB liability as of June 30, 2025 (measurement date) is provided below:

Key Actuarial Assumptions

Valuation Date	June 30, 2024 updated to June 30, 2025
Measurement Date	June 30, 2025
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 6.62% trending down to ultimate rate of 3.94% in 2075 Medicare trend starts at 6.62% trending down to ultimate rate of 3.94% in 2075 10-County average trend starts at 5.00% trending down to ultimate rate of 3.94% 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% compounded annually Consumer Price Inflation: 2.50% 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 Retiree	1.031	0.977
Safety	PubS-2010 Retiree	0.947	1.044
Disabled Retirees			
Miscellaneous	PubG-2010 Disabled	1.045	1.003
Safety	PubS-2010 Disabled	0.916	0.995
Beneficiaries			
Miscellaneous	PubG-2010 Retiree	1.031	0.977
Safety	PubG-2010 Retiree	1.031	0.977

Change in Assumption – For the measurement date June 30, 2025, the healthcare cost trend rates change as follow:

Healthcare Cost Trend	June 30, 2025 (MD)	June 30, 2024 (MD)
Pre-Medicare	starts at 6.62% trending down to ultimate rate of 3.94% in 2075	starts at 6.87% trending down to ultimate rate of 3.94% in 2075
Medicare	starts at 6.62% trending down to ultimate rate of 3.94% in 2075	starts at 6.87% trending down to ultimate rate of 3.93% in 2075
10-County average	starts at 5.00% trending down to ultimate rate of 3.94% in 2075	starts at 5.00% trending down to ultimate rate of 3.94% in 2075

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

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):

Employer		1% Decrease	Healthcare Trend	1% Increase
SFMTA	$	560,891	680,697	829,811

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2025 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.

(Continued)

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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities		
U.S. Large Cap	25.0%	5.6%
U.S. Small Cap	2.0	6.3
Developed Market Equity (non-U.S.)	13.0	5.8
Emerging Market Equity	10.0	5.8
Credit		
Bank Loans	3.0	4.0
High Yield Bonds	3.0	4.3
Rate Securities		
Investment Grade Bonds	7.0	2.5
Short-term Treasury Inflation-Protected Securities (TIPS)	5.0	1.4
Private Markets		
Private Equity	10.0	7.0
Private Debt	5.0	6.2
Core Private Real Estate	5.0	5.6
Infrastructure (Core Private)	2.0	6.3
Risk Mitigating Strategies		
Global Macro	10.0	2.0
Total	100.0%	

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):

Employer	1% decrease 6.00%	Discount rate 7.00%	1% increase 8.00%
SFMTA	$ 808,512	680,697	575,820

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.

(10) 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 management program encompasses both self-insured and insured methods. Insurance purchases are 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 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 purchased insurance
d. Employee (transit operators)	Purchased insurance
e. Directors and officers	Purchased insurance
f. Active assailant	Purchased insurance

(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, 2026, the reserve was $47.5 million. In addition, the annual budget for claims was $8.1 million for fiscal year 2026.

As of June 30, 2026, claim liabilities for pending and threatened lawsuits are estimated based on the Office of the City Attorney's assessment of probable claims and historical trends for incurred but not reported losses. The recorded liability represents management's best estimate based on currently available information and aligns closely with the Office of City Attorney's judgment of the SFMTA's potential exposure.

The changes in general/transit liability for the fiscal year ended June 30, 2026 are as follows (in thousands):

	Beginning of year	Claims and changes in estimates	Claim payments	End of year
2026	$ 54,045	39,397	(14,514)	78,928
2025	74,794	2,914	(23,663)	54,045

(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 the fiscal year ended June 30, 2026 are as follows (in thousands):

		Beginning of year	Claims and changes in estimates	Claim payments	End of year
2026	$	192,841	35,584	(39,947)	188,478
2025		180,092	51,538	(38,789)	192,841

(c) Property

The SFMTA purchases property insurance on its facilities, light rail cars, and personal property. Insurance is also 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 with the Transport Workers' Union.

(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 to cover third-party bodily injury, property damage, business interruption, and crisis management.

(11) 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 $672.5 million in fiscal year 2026.

The General Fund support from the City includes total revenue baseline transfers of $511.2 million and $71.5 million allocation from in lieu of parking tax.

Proposition B, approved by the voters in November 2014, provides additional City General Fund allocation to address transportation needs tied to the City's population growth. The SFMTA received $89.4 million from this source, of which $25.4 million was allocated for operations and $64 million for capital projects.

The SFMTA also received an additional General Fund allocation of $0.3 million to support free one-hour parking in Portsmouth parking garage for the Lunar New Year Parade and $0.1 million for daylighting and bollards in Sunnyside.

(12) 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, 2026, the SFMTA had approved capital grants with unused balances amounting to $700.9 million while capital grants receivable totaled $229.7 million.

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, 2026, the SFMTA had various operating grants receivable of $50.2 million. The SFMTA received operating assistance from BART's Americans with Disability Act related support of $2 million, and other federal, state, and local grants of $1.1 million, to fund project expenses that are operating in nature.

Operating assistance from state sources includes funding allocated through Senate Bill 125 (SB125), a program enacted in September 2023, to provide emergency financial support and promote long-term financial sustainability for public transit agencies across California. As part of this initiative, the SFMTA received $117.3 million in fiscal year 2026.

The capital and operating grants identified above include funds received and due from the SFCTA. The SFCTA approved $36.7 million in new capital grants and the SFMTA received payments totaling $43.6 million. Similarly, the SFMTA receives operating grants from SFCTA mostly for paratransit support. The SFCTA approved $14.2 million in new operating grants and the SFMTA received payments totaling $23.3 million. As of June 30, 2026, amounts due from the SFCTA totaled $37.1 million for capital grants and $4.2 million for operating grants.

(13) 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, 2026, the SFMTA has outstanding commitments of approximately $189.4 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 $55.8 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.

(14) Availability Payment Arrangement – Potrero Yard Modernization Project

On April 7, 2026, the City and County of San Francisco, acting by and through the San Francisco Municipal Transportation Agency (SFMTA), entered into an arrangement with PRG – Potrero Properties LLC (the borrower) to design, build, and finance the Potrero Yard Modernization Project. The project consists of a modernized transit operations facility at the San Francisco Potrero Yard. The borrower has no long-term responsibility for operating or maintaining the facility.

Following financial close, the SFMTA paid the borrower $65 million as Milestone Payment 1 as partial compensation for the design and construction of the project. As of June 30, 2026, the amount is recorded as construction in progress. The SFMTA will pay an additional $250 million as Milestone Payment 2, consisting of $50 million at the substantial completion deadline (June 26, 2030) and $200 million upon achievement of substantial completion, subject to deductions, generally including failures to satisfy required project documentation and environmental procedures that are not corrected within applicable contractual rectification periods.

Following substantial completion, the SFMTA will make quarterly availability payments to the borrower as compensation for designing, constructing, and financing the project. Each quarterly availability payment includes a capital portion of $8,343,787, consisting of $6,443,787 of base capital payments and $1,900,000 of date-certain capital payments, plus an index-linked portion of $92,000, adjusted based on changes in the applicable Consumer Price Index. Availability payments are expected to commence April 1, 2031, or one day following actual substantial completion, whichever is later, and continue through the scheduled expiration of the project agreement on June 26, 2060.

The project is expected to be placed into service upon achievement of substantial completion on June 26, 2030. The SFMTA will recognize the related capital asset and financed-purchase liability when the project reaches substantial completion.

(15) Subsequent Events

On November 3, 2026, two revenue measures affecting SFMTA's future nonoperating revenues appeared on the general election ballot. As of November 6, 2026, the date the financial statements were available to be issued, official election canvass certification by county and state election authorities remained in progress.

(a) Proposition H - Parcel Tax Measure

Preliminary election results in the City showed voter approval (exceeding 72% support in preliminary returns) of Proposition H, an initiative ordinance establishing an annual parcel tax on taxable real property in San Francisco to fund Muni transit operations through 2042. The statutory operative start date is July 1, 2027, and the tax will sunset on June 30, 2042. Proposition H levies a base tax of $129 per year on single-family residential parcels, with higher tiered rates on larger single-family homes, multi-family residential properties, and non-residential properties, adjusted annually for inflation (All Urban Consumers – CPI for San Francisco – Oakland – Hayward Area). SFMTA estimates that Proposition H will generate approximately $160 million annually once collections commence.

(b) Regional Measure RTM

Voters across five Bay Area counties (San Francisco, Alameda, Contra Costa, San Mateo, and Santa Clara) approved Regional Measure RTM, a 14-year regional retail transactions and use tax authorized under California Senate Bill 63 to fund public transit operations and regional network improvements. Measure RTM levies a 1% sales tax in San Francisco and a 0.5% sales tax in Alameda, Contra Costa, San Mateo, and Santa Clara counties for a period of 14 years. The statutory operative start date is April 1, 2027, and the tax will sunset on April 1, 2041. Across all participating counties, Measure RTM is projected to generate approximately $1 billion annually for regional transit agencies, including an estimated annual operating allocation to the SFMTA of $155 million. Under the enabling legislation, participating transit operators are subject to ongoing oversight and financial efficiency review requirements as a condition for continued drawdowns of regional sales tax allocations.

Because both measures were voted on subsequent to June 30, 2026, neither measure affects SFMTA's financial position, changes in net position, or cash flows reported in the financial statements as of and for the fiscal year ended June 30, 2026.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Combining Schedule of Net Position

June 30, 2026

(In thousands)

	Transit	Streets	Parking Garages	Total
Assets:				
Current assets:				
Cash and investments with City Treasury	$ 703,009	204,270	—	907,279
Cash and investments outside City Treasury	4,074	2,351	1,293	7,718
Cash on hand	54	22	—	76
Receivables:				
Grants	225,780	12,896	—	238,676
Due from the San Francisco County Transportation Authority	29,174	12,139	—	41,313
Due from other City departments	—	513	—	513
Charges for services, net	2,140	4,249	30	6,419
Lease receivable	8,641	3,106	—	11,747
Interest and other	11,992	3,489	—	15,481
Inventories	96,693	7,885	—	104,578
Current prepaids and other assets	280	44	154	478
Restricted cash and investments with City Treasury	865	—	—	865
Restricted cash and investments outside City Treasury	—	—	13	13
Total current assets	1,082,702	250,964	1,490	1,335,156
Noncurrent assets:				
Restricted cash and investments with City Treasury, net of current portion	70,551	54,836	—	125,387
Restricted cash and investments outside City Treasury, net of current portion	6	—	2,319	2,325
Restricted interest and other receivables	664	548	—	1,212
Lease receivable, net of current portion	53,189	8,807	—	61,996
Capital assets not being depreciated/amortized	639,820	178,266	—	818,086
Capital assets being depreciated/amortized	4,774,605	595,966	12,082	5,382,653
Total noncurrent assets	5,538,835	838,423	14,401	6,391,659
Total assets	6,621,537	1,089,387	15,891	7,726,815
Deferred outflows of resources:				
Unamortized loss on refunding of debt	618	—	—	618
Related to pensions	317,256	51,161	—	368,417
Related to other postemployment benefits	94,097	14,478	—	108,575
Total deferred outflows of resources	$ 411,971	65,639	—	477,610

(Continued)

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Combining Schedule of Net Position

June 30, 2026

(In thousands)

	Transit	Streets	Parking Garages	Total
Liabilities:				
Current liabilities:				
Due to other funds	$ —	81	—	81
Accounts payable and accrued expenses	34,295	16,788	975	52,058
Accrued payroll	24,781	4,057	25	28,863
Accrued compensated absences	58,051	13,551	3	71,605
Accrued workers' compensation	31,027	5,849	—	36,876
Accrued claims	55,076	7,293	—	62,369
Grants received in advance	57,420	1,060	—	58,480
Unearned revenue and other liabilities	5,808	4,738	15	10,561
Payable from restricted assets	3,079	4,297	—	7,376
Accrued interest payable	5,205	696	—	5,901
Bonds, loans, leases, and other payables	15,327	5,917	348	21,592
Total current liabilities	290,069	64,327	1,366	355,762
Noncurrent liabilities:				
Accrued compensated absences, net of current portion	35,928	7,599	156	43,683
Accrued workers' compensation, net of current portion	123,129	28,473	—	151,602
Accrued claims, net of current portion	14,532	2,027	—	16,559
Net other postemployment benefits liability	589,915	90,782	—	680,697
Net pension liability	513,715	84,050	—	597,765
Bonds, loans, leases, and other payables, net of current portion	482,487	141,112	9,610	633,209
Total noncurrent liabilities	1,759,706	354,043	9,766	2,123,515
Total liabilities	2,049,775	418,370	11,132	2,479,277
Deferred inflows of resources:				
Related to leases	51,508	11,112	—	62,620
Related to pensions	1,432	1,500	—	2,932
Related to other postemployment benefits	67,576	10,397	—	77,973
Total deferred inflows of resources	120,516	23,009	—	143,525
Net position:				
Net investment in capital assets	5,028,038	640,785	2,124	5,670,947
Restricted for capital projects	38,755	32,018	—	70,773
Restricted for other purposes	160	—	2,332	2,492
Unrestricted	(203,736)	40,844	303	(162,589)
Total net position	$ 4,863,217	713,647	4,759	5,581,623

See accompanying independent auditor's report.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
Combining Schedule of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2026
(In thousands)

	Transit	Streets	Parking Garages	SFMTA Eliminations	Total
Operating revenues:					
Passenger fares	$ 129,799	—	—	—	129,799
Parking and transportation	—	109,483	9,679	—	119,162
Fines, forfeitures, and penalties	—	115,358	—	—	115,358
Charges for services	1,868	34,315	—	—	36,183
Licenses, permits, and franchises	—	29,746	—	—	29,746
Advertising	9,119	—	—	—	9,119
Rents and concessions	8,372	3,299	19	—	11,690
Other	1,496	378	—	—	1,874
Total operating revenues	150,654	292,579	9,698	—	452,931
Operating expenses:					
Personnel services	880,801	136,382	1,691	—	1,018,874
Contractual services	107,313	67,864	1,670	—	176,847
Materials and supplies	71,964	1,854	245	—	74,063
Depreciation and amortization	257,908	39,859	436	—	298,203
Services from other City departments	93,587	11,390	—	—	104,977
General and administrative	52,777	3,254	432	—	56,463
Other operating expenses	(44,937)	18,214	505	—	(26,218)
Total operating expenses	1,419,413	278,817	4,979	—	1,703,209
Operating income (loss)	(1,268,759)	13,762	4,719	—	(1,250,278)
Noncapital subsidies:					
Operating assistance-Federal	79,177	238	—	—	79,415
Operating assistance-State and other	317,357	3	—	—	317,360
Transfers in - City and County of San Francisco – General Fund	474,289	134,231	—	—	608,520
Transfers in - San Francisco County Transportation Authority	13,060	342	—	—	13,402
Transfers in - City and County of San Francisco – Other City departments	12,968	2,969	—	—	15,937
Transfers out - City and County of San Francisco – Other City departments	—	—	(1,127)	—	(1,127)
SFMTA operating transfers in	142,245	2,645	—	(144,890)	—
SFMTA operating transfers out	—	(142,245)	(2,645)	144,890	—
Total noncapital subsidies	1,039,096	(1,817)	(3,772)	—	1,033,507
Operating income (loss) and noncapital subsidies	(229,663)	11,945	947	—	(216,771)
Other nonoperating revenues (expenses):					
Interest and investment income	25,236	9,818	32	—	35,086
Interest expense	(14,529)	(6,714)	(339)	—	(21,582)
Gain (loss) on disposal of capital assets and inventory	(8,833)	66	—	—	(8,767)
Development fees	5,313	589	—	—	5,902
Other nonoperating revenues (expenses)	110	18	—	—	128
Capital contributions-Federal	208,532	16,117	—	—	224,649
Capital contributions-State and other	94,376	26,466	—	—	120,842
Transfers in - restricted for capital assets	43,377	35,093	—	—	78,470
Total other nonoperating revenues (expenses)	353,582	81,453	(307)	—	434,728
Increase in net position	123,919	93,398	640	—	217,957
Net position at beginning of year	4,739,298	620,249	4,119	—	5,363,666
Net position at end of year	$ 4,863,217	713,647	4,759	—	5,581,623

See accompanying independent auditor's report.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
TRANSIT
Schedule of Grants – Federal
Year ended June 30, 2026
(In thousands)

	Authorized grants as of July 1, 2025	New grants approved/ spending commences	Payments received	Expired/ rescinded/ adjusted grants	Authorized grants as of June 30, 2026	Amounts not expended as of June 30, 2026	Grants receivable as of June 30, 2026
Capital grants:							
FY 2024 Section 22-CMPJ-1 Harvey Milk Plaza Redesign Project	$ —	500	—	—	500	500	—
FY 2013 Section 5307 CMAQ & Surface Transportation Program	1,662	—	(1,386)	—	276	276	—
FY 2016 Section 5307 Urban Area Formula	462	—	(462)	—	—	—	—
FY 2019 Section 5307 Formula Fund	6,438	—	(6,102)	—	336	336	—
FY 2019 Section 5307 Geary Rapid	641	—	(641)	—	—	—	—
FY 2021 Section 5307 Motor Coach & Trolley Coach Replacement	4,496	—	(1,981)	—	2,515	1,567	948
FY 2022 Section 5307 Formula Fund	17,757	6,312	(10,725)	—	13,344	7,032	6,312
FY 2023 Section 5307 Formula Fund	19,942	—	(10,864)	(3,855)	5,223	805	4,418
FY 2023 Section 5307 Light Rail Vehicle Replacement Project	—	—	—	—	—	—	—
FY 2023 Section 5307 Light Rail VehicleReplacement Procurements	14,899	—	(14,899)	—	—	—	—
FY 2024 Section 5307 Preventive Maintenance	—	7,864	—	—	7,864	—	7,864
FY 2024 Section 5307 CMAQ (FHWA Transfer) Light Rail Vehicle Replacement Procurements	—	4,100	(4,100)	—	—	—	—
FY 2024 Section 5307 (FHWA CMAQ Fund Transfer) Light Rail Vehicle Replacement Procurements	—	750	(750)	—	—	—	—
FY 2024 Section 5307 Urbanized Area Formula	36,365	23,132	(33,185)	—	26,312	26,312	—
FY 2024 Section 5307 BusAID Transit Hotspot Improvements	—	2,200	—	—	2,200	2,200	—
FY 2024 Section 5307 Muni Forward Five-Minute Corridor	—	3,038	(1,344)	—	1,694	1,162	532
FY 2024 Section 5307 Third Street Dynamic Traffic Signal Optimization Project	—	2,000	—	—	2,000	1,947	53
FY 2024 Section 5307 29 Sunset Improvement Project (OBAG 3)	—	5,976	—	—	5,976	5,976	—
FY 2024 Section 5307 29 Sunset Improvement Project (TPI)	—	2,959	—	—	2,959	2,959	—
FY 2025 Section 5307 Motor Coach Replacement Procurement	—	33,792	(1,022)	—	32,770	31,483	1,287
FY 2025 Section 5307 Battery-Electric Bus Replacement Procurement	—	15,134	—	—	15,134	15,131	3
FY 2025 Section 5307 FHWA CMAQ/STBG Fund Transfer	—	23,865	—	—	23,865	4,663	19,202
FY 2025 Section 5307 Motor Coach Mid Life Overhaul	—	7,952	—	—	7,952	7,952	—
FY 2013 Section 5309 Bus Livability	213	—	(213)	—	—	—	—
FY 2023 Section 5310 Travel Training Videos for Seniors and People with Disabilities in San Francisco	—	99	—	—	99	99	—
FY 2015 Section 5337 State of Good Repair	51	—	—	—	51	51	—
FY 2018 Section 5337 State of Good Repair	10,703	—	(81)	—	10,622	10,622	—
FY 2019 Section 5337 State of Good Repair	32,736	—	(6,934)	—	25,802	24,702	1,100
FY 2020 Section 5337 State of Good Repair	4,050	—	(85)	—	3,965	3,729	236
FY 2021 Section 5337 State of Good Repair	38,142	—	(22,345)	—	15,797	11,057	4,740
FY 2022 Section 5337 State of Good Repair	33,257	6,332	(1,679)	—	37,910	37,529	381
FY 2023 Section 5337 State of Good Repair	51,322	—	(155)	—	51,167	51,165	2
FY 2024 Section 5337 State of Good Repair	47,439	32,543	(36,982)	—	43,000	40,335	2,665
FY 2025 Section 5337 Preventive Maintenance	—	50,900	—	—	50,900	—	50,900
FY 2024 Section 5337 Wayside/Central Train Control & Trolley Signal Systems Rehabilitation	—	18,212	—	—	18,212	18,212	—
FY 2025 Section 5337 Light Rail Vehicle, Train Control, Rail Replacement and Tunnel Repair	—	94,821	(52,716)	—	42,105	13,620	28,485

(Continued)

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
TRANSIT
Schedule of Grants – Federal
Year ended June 30, 2026
(In thousands)

	Authorized grants as of July 1, 2025	New grants approved/ spending commences	Payments received	Expired/ rescinded/ adjusted grants	Authorized grants as of June 30, 2026	Amounts not expended as of June 30, 2026	Grants receivable as of June 30, 2026
FY 2021 Section 5339 New Starts, Small Starts, Core Capacity (ARPA)	463	—	(463)	—	—	—	—
FY 2022 Section 5339 Cable Car Traction Power & Guideway	1,995	—	(675)	—	1,320	299	1,021
FY 2024 Section 71101 All Stations Accessibility Program	—	4,688	—	—	4,688	4,450	238
Total capital grants	$ 323,033	347,169	(209,789)	(3,855)	456,558	326,171	130,387
Operating grants:							
FY 2023 Section 5304 Muni Metro Modernization Planning Study	$ 384	—	(384)	—	—	—	—
FY 2013 Section 5307 CMAQ & Surface Transportation Program	55	—	—	—	55	55	—
FY 2021 Section 5307 Urbanized Area Formula	186	—	(126)	—	60	56	4
FY 2022 Section 5307 ARP American Rescue Plan Phase 1	—	—	—	—	—	—	—
FY 2022 Section 5307 ARP Additional Assistance	—	—	—	—	—	—	—
FY 2022 Section 5307 ARPA Route Planning Restoration Program	514	—	(265)	—	249	249	—
FY 2023 Section 5307 Formula Fund ADA Paratransit	(533)	—	(633)	3,855	2,689	2,661	28
FY 2024 Section 5307 Urbanized Area Formula ADA Paratransit	5,243	—	(5,243)	—	—	—	—
FY 2025 Section 5307 Preventive Maintenance	—	14,098	—	—	14,098	—	14,098
FY 2025 Section 5307 Motor Coach Replacement Procurement	—	5,511	—	—	5,511	—	5,511
FY 2021 Section 5310 Mobility Management (CRRSAA)	124	—	—	—	124	124	—
FY 2021 Section 5312 Research and Evaluation Project	450	—	(450)	—	—	—	—
Total operating grants	$ 6,423	19,609	(7,101)	3,855	22,786	3,145	19,641

See accompanying independent auditor's report.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
TRANSIT
Schedule of Grants – California Transportation Commission
Year ended June 30, 2026
(In thousands)

	Authorized grants as of July 1, 2025	New grants approved/ spending commences	Payments received	Expired/ rescinded/ adjusted grants	Authorized grants as of June 30, 2026	Amounts not expended as of June 30, 2026	Grants receivable as of June 30, 2026
Capital grants:							
FY 2022 Low Carbon Transit Operations Grant 29 Sunset Muni Forward	$ 886	—	(886)	—	—	—	—
FY 2024 Low Carbon Transit Operations Bus Transit Signal Priority	2,959	—	(582)	—	2,377	2,377	—
Total Low Carbon	3,845	—	(1,468)	—	2,377	2,377	—
FY 2024 TIRCP M Ocean View Muni Forward	1,000	—	—	—	1,000	395	605
FY 2024 TIRCP Muni Forward K Line	1,668	—	—	—	1,668	1,668	—
FY 2025 TIRCP Muni Metro Modernization	1,000	—	(329)	—	671	140	531
FY 2026 TIRCP Train Control Upgrade Embarcadero & 3rd to Muni Metro East	—	30,576	—	—	30,576	30,291	285
FY 2026 TIRCP Muni Forward Geary Boulevard Improvement GGRF	—	17,700	—	—	17,700	17,700	—
FY 2026 TIRCP Muni Forward Geary Boulevard Improvement PTA	—	11,800	—	—	11,800	11,800	—
Total TIRCP	3,668	60,076	(329)	—	63,415	61,994	1,421
FY 2021 CA 20201 AB 174 5 Fulton	172	—	(172)	—	—	—	—
FY 2022 Clean California Local Grant Program South of Market	232	—	—	—	232	232	—
FY 2022 Clean California Grant- Clean Transit SF Program	2,088	—	(2,088)	—	—	—	—
FY 2023 Greenhouse Gas Reduction Bayview-Hunters Point	7,739	—	(4,279)	—	3,460	3,460	—
Total capital grants	$ 17,744	60,076	(8,336)	—	69,484	68,063	1,421
Operating grants:							
FY 2022 Low Carbon Transit Operations Grant Free Muni for Seniors and People with Disabilities	$ —	—	—	—	—	—	—
FY 2026 Low Carbon Transit Operations Grant Free Muni for Seniors, People with Disabilities and Youth Programs	—	18,402	(18,402)	—	—	—	—
FY 2023 Low Carbon Transit Operations Grant Next Generation Transit Lane and Bus Zone Enforcement	2,544	—	(67)	—	2,477	2,477	—
FY 2025 Low Carbon Transit Discount Operations Support	—	—	—	—	—	—	—
Total Low Carbon	2,544	18,402	(18,469)	—	2,477	2,477	—
FY 2024 LAFA Access For All Program	2,772	—	(1,711)	—	1,061	1,061	—
FY 2025 LAFA Access For All Program Local Access	1,713	—	—	—	1,713	1,713	—
FY 2026 LAFA Access For All Program Local Access	—	112	—	—	112	112	—
Total LAFA	4,485	112	(1,711)	—	2,886	2,886	—
FY 2025 Collect and Publish Survey Data	199	—	(158)	—	41	41	—
Total operating grants	$ 7,228	18,514	(20,338)	—	5,404	5,404	—

See accompanying independent auditor's report.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
TRANSIT
Schedule of Grants – Metropolitan Transportation Commission
Year ended June 30, 2026
(In thousands)

	Authorized grants as of July 1, 2025	New grants approved/ spending commences	Payments received	Expired/ rescinded/ adjusted grants	Authorized grants as of June 30, 2026	Amounts not expended as of June 30, 2026	Grants receivable as of June 30, 2026
Capital grants:							
Bridge Toll	$ 8,877	—	(7,575)	—	1,302	725	577
FY 2021 Bridge Toll	11,613	—	(3,792)	—	7,821	6,128	1,693
FY 2021 BATA	2,415	—	(866)	—	1,549	1,549	—
State Transit Assistance:							
FY 2025 STA K Ingleside Rapid Project Ocean Avenue	2,800	—	(449)	—	2,351	1,552	799
State of Good Repair	4,709	—	(653)	—	4,056	4,056	—
FY 2021 State of Good Repair	4,101	—	(465)	—	3,636	3,636	—
FY 2022 State of Good Repair - Facilities Projects	5,402	—	(1,629)	—	3,773	3,773	—
FY 2023 State of Good Repair - Fixed Guideway Projects	8,441	—	(1,093)	—	7,348	7,348	—
FY 2024 State of Good Repair - Facilities Projects	4,976	—	(854)	—	4,122	4,122	—
FY 2024 State of Good Repair - Fixed Guideway Projects	4,657	—	—	—	4,657	4,657	—
FY 2025 State of Good Repair - Facilities Projects	5,886	—	(5,151)	—	735	735	—
FY 2025 State of Good Repair - Fixed Guideway Projects	5,886	—	—	—	5,886	5,886	—
FY 2026 State of Good Repair - Facilities Projects	—	5,750	—	—	5,750	5,750	—
FY 2026 State of Good Repair - Fixed Guideway Projects	—	6,800	—	—	6,800	6,800	—
Total State of Good Repair	44,058	12,550	(9,845)	—	46,763	46,763	—
RM3:							
FY 2024 RM3 - 40'/60' Hybrid Buses	27,013	—	(25)	—	26,988	25,848	1,140
FY 2024 RM3 - Kirkland Bus Yard Electrification	3,186	—	(3,116)	—	70	3	67
FY 2024 RM3 - Battery Electric Bus Procurement	2,317	—	(347)	—	1,970	1,624	346
FY 2024 RM3 - Presidio Modernization	12,562	—	(172)	—	12,390	11,881	509
FY 2024 RM3 - Vintage Streetcar Rehabilitation	6,718	—	—	—	6,718	6,718	—
FY 2024 RM3 - New Flyer Midlife Overhaul	5,672	—	(5,672)	—	—	—	—
FY 2025 RM3 - Kirkland Bus Yard Electrification	2,694	—	(1,370)	—	1,324	948	376
FY 2025 RM3 - Battery Electric Bus Procurement	640	—	(15)	—	625	535	90
FY 2026 RM3 - Battery Electric Bus Procurement #25461511	—	8,887	—	—	8,887	8,887	—
FY 2026 RM3 - Battery Electric Bus Procurement #25461512	—	2,847	—	—	2,847	2,847	—
FY 2026 RM3 - Potrero Modernization Project	—	42,393	—	—	42,393	—	42,393
Total RM3	60,802	54,127	(10,717)	—	104,212	59,291	44,921
Total capital grants	$ 130,565	66,677	(33,244)	—	163,998	116,008	47,990

(Continued)

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
TRANSIT
Schedule of Grants – Metropolitan Transportation Commission
Year ended June 30, 2026
(In thousands)

	Authorized grants as of July 1, 2025	New grants approved/ spending commences	Payments received	Expired/ rescinded/ adjusted grants	Authorized grants as of June 30, 2026	Amounts not expended as of June 30, 2026	Grants receivable as of June 30, 2026
Operating grants:							
AB1107 Sales Tax	$ 4,091	52,000	(54,368)	2,487	4,210	—	4,210
State Transit Assistance - Operating	17,284	77,254	(68,460)	—	26,078	4,888	21,190
State Transit Assistance - Paratransit	—	3,300	(3,300)	—	—	—	—
State Transit Assistance - Clipper Means-Based Program #26002062	—	21	(21)	—	—	—	—
State Transit Assistance - Clipper Means-Based Program #26471032	—	1,074	(1,074)	—	—	—	—
Transportation Development Act Article 4	3,399	43,209	(45,946)	—	662	—	662
Transportation Development Act Article 4.5	—	2,274	(2,274)	—	—	—	—
Senate Bill 125:							
FY 2026 SB125 State COVID Relief	—	117,263	(117,263)	—	—	—	—
RM2:							
Owl Service	16	—	(16)	—	—	—	—
T-Third Light Rail	211	—	(211)	—	—	—	—
FY 2026 T-Third	—	2,138	(2,138)	—	—	—	—
FY 2026 Owl	—	159	—	—	159	—	159
Total operating grants	$ 25,001	298,692	(295,071)	2,487	31,109	4,888	26,221

See accompanying independent auditor's report.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
TRANSIT
Schedule of Grants – San Francisco County Transportation Authority
Year ended June 30, 2026
(In thousands)

	Authorized grants as of July 1, 2025	New grants approved/ spending commences	Payments received	Expired/ rescinded/ adjusted grants	Authorized grants as of June 30, 2026	Amounts not expended as of June 30, 2026	Grants receivable as of June 30, 2026
Capital grants:							
3rd Street Light Rail Projects	$ 4,169	—	—	—	4,169	4,169	—
Radio Communications System & CAD	93	—	(93)	—	—	—	—
Central Train Control & Communication	392	—	—	—	392	343	49
Bus Rapid Transit (Geary & Van Ness)	10,063	—	(4,388)	—	5,675	1,052	4,623
Central Subway Phase 3 Initial Study	371	—	—	—	371	369	2
Muni Forward	1,241	—	—	—	1,241	1,222	19
New Light Rail Vehicles	5,617	—	(761)	(4,850)	6	1	5
Geneva-Harvey Bus Rapid Transit Study	86	—	—	(86)	—	—	—
Fall Protection System	782	—	—	—	782	782	—
Replace M-Line Curve Tracks	—	—	—	691	691	—	691
Procurement of 30, 40 & 60 Ft Hybrid Buses	3,426	—	—	—	3,426	3,426	—
Fire Life Safety Upgrade	151	—	—	—	151	151	—
Rail Grinding Project	72	—	(4)	—	68	68	—
Cable Car Drive Reduction Gearbox Rehab	367	—	—	—	367	367	—
Elevator Safety & Reliability Project	72	—	—	—	72	—	72
Track Support System	1,311	—	—	—	1,311	1,153	158
Track Replacement & Upgrade	2,811	—	—	—	2,811	2,811	—
Alternative Fuel Taxicab In	199	—	—	—	199	199	—
Cable Car Sheave Rebuild	235	—	(157)	—	78	10	68
MF Corridors PL & CE	5	—	—	—	5	4	1
Local Bus Transit Signal Priority	601	—	(596)	—	5	—	5
Presidio Bus Lifts	122	—	(122)	—	—	—	—
LRV2 & LRV3 Overhauls	2,313	—	(312)	—	2,001	2,001	—
Streetcar Extension to Fort Mason	920	—	—	(920)	—	—	—
Muni Metro Expansion	8,089	—	(3,072)	—	5,017	2,186	2,831
Rehab of Historic Street Cars	985	—	(12)	—	973	972	1
Muni Forward 22 Fillmore	4,318	—	(2,070)	—	2,248	1,403	845
New Flyer Midlife Overhaul	10,379	—	(4,551)	—	5,828	1,707	4,121
New Castro Station Elevator	139	—	—	—	139	139	—
Muni Metro Station Enhancement Phase I	600	—	—	—	600	583	17
L-Taraval Transit Enhancements (Segment B)	1,622	—	(1,208)	—	414	252	162
Replace 30-Foot Hybrid Motor Coaches	3,450	—	(1,136)	—	2,314	2,126	188
Potrero Yard Modernization	12,528	—	(513)	—	12,015	4,353	7,662
Transit Stop Signage Enhancement Program	418	—	(261)	1,021	1,178	944	234
Bus Transit Signal Priority	871	—	(865)	—	6	—	6
Geary/19th Ave Subway Strategic Case	109	—	(20)	—	89	86	3

(Continued)

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
TRANSIT
Schedule of Grants – San Francisco County Transportation Authority
Year ended June 30, 2026
(In thousands)

	Authorized grants as of July 1, 2025	New grants approved/ spending commences	Payments received	Expired/ rescinded/ adjusted grants	Authorized grants as of June 30, 2026	Amounts not expended as of June 30, 2026	Grants receivable as of June 30, 2026
FY2023 Paratransit Replacement	1,619	—	(752)	—	867	812	55
Paratransit Cutaway Expansion (47 vehicles)	1,466	—	(1,466)	—	—	—	—
Muni Metro Core Capacity	745	—	(745)	—	—	—	—
Kirkland Yard Electrification	848	—	(848)	—	—	—	—
30 Stockton: 3rd Street	377	—	—	—	377	377	—
29 Sunset Muni Forward	815	—	(407)	—	408	210	198
Oceanview Muni Forward	750	—	—	—	750	100	650
Presidio Yard Modernization	4,964	—	(125)	—	4,839	4,767	72
Mission Street SoMa Transit Improvements	1,200	—	(202)	—	998	735	263
J Church Muni Forward	2,732	—	(873)	—	1,859	1,627	232
40-Foot Hybrid Motor Coach Replacement	32,300	—	(862)	—	31,438	29,263	2,175
Replacement of 40 x 60 Foot BEB	8,300	—	—	—	8,300	8,300	—
Muni 60-Foot Battery Electric Bus Launch	1,700	—	—	—	1,700	1,700	—
Muni forward Corridor Development	4,256	—	(925)	—	3,331	3,262	69
Bus Transit Signal Priority	—	—	(252)	—	(252)	(562)	310
Cable Car Barn Rehabilitation	—	2,000	(338)	—	1,662	1,825	(163)
Cable Car Restoration	—	900	—	—	900	831	69
New Flyer Midlife Overhauls Phase II	—	12,640	—	—	12,640	12,640	—
Muni Forward Five-Minute Ne	—	1,549	—	—	1,549	1,549	—
Total capital grants	$ 140,999	17,089	(27,936)	(4,144)	126,008	100,315	25,693
Operating grants:							
FY 2025 Paratransit	$ 13,506	—	(11,648)	(1,858)	—	—	—
FY 2026 Paratransit	—	13,911	(9,663)	—	4,248	767	3,481
N-Judah Customer First	215	—	—	(215)	—	—	—
Ramp Taxi Incentives	125	—	—	—	125	125	—
Paratransit Electrification - Purchase one EV Van	45	—	—	—	45	45	—
Laguna Honda Gondola Study	5	—	—	—	5	5	—
Total operating grants	$ 13,896	13,911	(21,311)	(2,073)	4,423	942	3,481
Pass-thru operating grants:							
TFCA EV Clean Air Taxi Rebate	$ 186	—	—	—	186	184	2
TFCA EV Charging Infrastructure Rebate	162	—	—	—	162	162	—
Total pass-through operating grants	$ 348	—	—	—	348	346	2

See accompanying independent auditor's report.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
TRANSIT
Schedule of Grants – Others
Year ended June 30, 2026
(In thousands)

	Authorized grants as of July 1, 2025	New grants approved/ spending commences	Payments received	Expired/ rescinded/ adjusted grants	Authorized grants as of June 30, 2026	Amounts not expended as of June 30, 2026	Grants receivable as of June 30, 2026
Capital grants:							
BART Better Market Street	$ 293	—	(260)	—	33	18	15
Total capital grants	$ 293	—	(260)	—	33	18	15
Operating grants:							
FY 2020 Federal Homeland Security – TSA K9 Project	18	—	—	—	18	18	—
FY 2021 Federal Homeland Security – TSA K9 Project	197	—	—	—	197	191	6
Total Federal Homeland Security	215	—	—	—	215	209	6
FY 2022 Transit Security Grant Program	1,029	—	(75)	—	954	855	99
FY 2023 Transit Security Grant Program	1,420	—	(60)	—	1,360	1,360	—
FY 2024 Transit Security Grant Program	693	—	(692)	—	1	1	—
Total Transit Security Program	3,142	—	(827)	—	2,315	2,216	99
FY 2026 FEMA Funding CAL OES	—	6	(6)	—	—	—	—
Total operating grants	$ 3,357	6	(833)	—	2,530	2,425	105

See accompanying independent auditor's report.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
STREETS
Schedule of Grants – Federal
Year ended June 30, 2026
(In thousands)

	Authorized grants as of July 1, 2025	New grants approved/ spending commences	Payments received	Expired/ rescinded/ adjusted grants	Authorized grants as of June 30, 2026	Amounts not expended as of June 30, 2026	Grants receivable as of June 30, 2026
Capital grants:							
FY 2018 Advanced Transportation and Congestion Management Technologies Deployment Initiatives	$ 6,913	—	(153)	—	6,760	6,603	157
FY 2023 Folsom Streetscape - ATP	6,479	—	(1,503)	—	4,976	1,264	3,712
FY 2023 Folsom Streetscape - COVID RIP	2,823	—	(1,301)	—	1,522	924	598
FY 2023 Folsom Streetscape - CRRSAA	4,519	—	(876)	—	3,643	2,059	1,584
FY 2023 Folsom Streetscape - Repurpose	475	—	(455)	—	20	—	20
FY 2025 Folsom Streetscape - Housing Incentive Pool (HIP) - Congestion Mitigation and Air Quality (CMAQ)	4,000	—	(3,408)	—	592	227	365
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	173	—	—	—	173	173	—
FY 2016 & 2017 Highway Safety Improvement - South Van Ness Pedestrian Signals Projects	208	—	—	—	208	208	—
FY 2024 Highway Safety Improvement - Vision Zero Signs	1,544	—	(497)	—	1,047	1,013	34
FY 2023 Safe Routes to School	4,677	—	(2,475)	—	2,202	1,664	538
FY 2018 SFGO Van Ness Corridor Management - TSP/BRT	867	—	(866)	—	1	1	—
FY 2023 SMART Grants Program	1,207	—	(902)	—	305	—	305
FY 2015 State Transportation Improvement - Crosswalks	11	—	—	—	11	6	5
FY 2013 Surface Transportation - Mansell Corridor Complete Streets	44	—	—	—	44	44	—
FY 2024 Western Addition Community Safe Streets	17,613	—	(268)	—	17,345	17,231	114
FY 2026 Safer Streets for School and Pedestrians Initiative	—	54	—	—	54	43	11
FY 2026 Joint-Development Program Technical Assistance Project	—	1,000	(54)	—	946	652	294
FY 2026 Pay or Permit Parking Program Expansion Project	—	1,494	(444)	—	1,050	1,047	3
FY 2023 Section 5310 Travel Training Videos for Seniors and People with Disabilities in San Francisco	—	99	—	—	99	99	—
Total capital grants	$ 51,626	2,647	(13,202)	—	41,071	33,331	7,740

(Continued)

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
STREETS
Schedule of Grants – Federal
Year ended June 30, 2026
(In thousands)

	Authorized grants as of July 1, 2025	New grants approved/ spending commences	Payments received	Expired/ rescinded/ adjusted grants	Authorized grants as of June 30, 2026	Amounts not expended as of June 30, 2026	Grants receivable as of June 30, 2026
Operating grants:							
FY 2008 Safe Routes to School - Chinatown	$ 25	—	—	—	25	25	—
FY 2012 Safe Routes to School - Tenderloin	96	—	—	—	96	96	—
FY 2018 Safe Routes to School - Alamo School	90	—	—	—	90	90	—
FY 2018 SF Bicycle Parking Program	12	—	—	—	12	12	—
FY 2025 Southeastern SF Mobility Hub Plan	269	—	(269)	—	—	—	—
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 2008 Tenderloin Pedestrian Improvements	279	—	—	—	279	279	—
FY 2023 Vision Zero Motorcycle Safety Program	11	—	—	—	11	11	—
FY 2013 Linked Price Electric Bike Sharing	724	—	—	—	724	724	—
FY 2013 Highway Safety Improvements - Masonic Signals Project	45	—	—	—	45	45	—
FY 2012 Pedestrian Safety Program	4	—	—	—	4	4	—
FY 2013 Regional Priority Development Area -Various Projects	7	—	—	—	7	—	7
Total operating grants	$ 1,592	—	(269)	—	1,323	1,299	24

See accompanying independent auditor's report.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
STREETS
Schedule of Grants – California Transportation Commission
Year ended June 30, 2026
(In thousands)

		Authorized grants as of July 1, 2025	New grants approved/ spending commences	Payments received	Expired/ rescinded/ adjusted grants	Authorized grants as of June 30, 2026	Amounts not expended as of June 30, 2026	Grants receivable as of June 30, 2026
Capital grants:								
Vision Zero Signal Timing Project	$	1,525	—	(1,525)	—	—	—	—
Mission Street Excelsior Project		4,892	—	(3,949)	—	943	663	280
Western Addition Area Traffic Signal Upgrades		1,271	—	(498)	—	773	579	194
FY 2023 Powell Street		4,322	—	(1,251)	—	3,071	1,767	1,304
Sloat Quick Build		751	—	(751)	—	—	—	—
Traffic Signal Modification		899	—	(796)	—	103	—	103
Sloat & Skyline Phase 1		—	—	—	—	—	—	—
Arguello Blvd Bikeway		1,250	—	(6)	—	1,244	1,244	—
Sustainable Communities Embarcadero Mobility		1,260	—	(267)	—	993	801	192
13th Street Safety Project SHOPP		2,115	—	(258)	—	1,857	—	1,857
13th Street Safety Project LPP		1,400	—	—	—	1,400	910	490
Bayview Multimodal Community		857	—	(46)	—	811	796	15
Bayview Multimodal Corridor		—	1,650	—	—	1,650	1,459	191
Total capital grants	$	20,542	1,650	(9,347)	—	12,845	8,219	4,626
Operating grants:								
Class II & III Bikeways	$	15	—	—	—	15	15	—
Jean Parker Safe Routes to School		15	—	—	—	15	—	15
Active Communities Plan (Citywide Bike Plan)		1	—	—	—	1	1	—
Total operating grants	$	31	—	—	—	31	16	15

See accompanying independent auditor's report.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
STREETS
Schedule of Grants – Metropolitan Transportation Commission
Year ended June 30, 2026
(In thousands)

	Authorized grants as of July 1, 2025	New grants approved/ spending commences	Payments received	Expired/ rescinded/ adjusted grants	Authorized grants as of June 30, 2026	Amounts not expended as of June 30, 2026	Grants receivable as of June 30, 2026
Capital grants:							
TDA:							
FY 2025 TDA Allocation (Reallocation of FY 2023)	$ 808	—	—	—	808	669	139
FY 2025 TDA Allocation	942	—	(590)	—	352	—	352
FY 2026 TDA Allocation	—	259	—	—	259	259	—
Total capital grants	$ 1,750	259	(590)	—	1,419	928	491

See accompanying independent auditor's report.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
STREETS
Schedule of Grants – San Francisco County Transportation Authority
Year ended June 30, 2026
(In thousands)

	Authorized grants as of July 1, 2025	New grants approved/ spending commences	Payments received	Expired/ rescinded/ adjusted grants	Authorized grants as of June 30, 2026	Amounts not expended as of June 30, 2026	Grants receivable as of June 30, 2026
Capital grants:							
Bicycle Program Projects	$ 4,340	415	(1,009)	(5)	3,741	2,591	1,150
Pedestrian Safety Program Projects	2,559	118	(1,423)	—	1,254	669	585
Traffic Calming Program Projects	9,445	9,545	(2,225)	—	16,765	11,899	4,866
Traffic Signal/Traffic Sign Projects	6,040	8,189	(2,578)	(1,028)	10,623	9,514	1,109
Transit Study & Street Improvement Projects	768	234	(236)	(93)	673	643	30
Transportation Demand/Parking Management	277	—	(74)	—	203	196	7
Proposition L Sales Tax Program Funded Projects	17,682	1,046	(3,175)	(1,501)	14,052	11,789	2,263
Transportation/Land Use Coordination	—	100	—	—	100	84	16
Total capital grants	$ 41,111	19,647	(10,720)	(2,627)	47,411	37,385	10,026
Pass-through capital grants:							
Bicycle Program Projects	$ 396	—	(691)	—	(295)	(602)	307
Taxi Vehicle Alternative Fuel Program	214	—	—	(214)	—	—	—
Traffic Calming Program Projects	16,339	—	(4,233)	—	12,106	11,054	1,052
Total pass-through capital grants	$ 16,949	—	(4,924)	(214)	11,811	10,452	1,359
Operating grants:							
Bicycle Program Projects	$ 873	—	(412)	—	461	214	247
Pedestrian Safety Program Projects	73	—	(61)	(6)	6	6	—
Traffic Calming Program Projects	3,256	—	(1,431)	—	1,825	1,374	451
Traffic Signal/Traffic Sign Projects	391	—	—	—	391	391	—
Transit Study & Street Improvement Projects	32	300	(29)	—	303	246	57
Transportation/Land Use Coordination	36	—	(33)	—	3	3	—
Total operating grants	$ 4,661	300	(1,966)	(6)	2,989	2,234	755
Pass-through operating grants:							
Bicycle Program Projects	$ 7	—	—	—	7	7	—
Total pass-through operating grants	$ 7	—	—	—	7	7	—

See accompanying independent auditor's report.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
STREETS
Schedule of Grants – Others
Year ended June 30, 2026
(In thousands)

	Authorized grants as of July 1, 2025	New grants approved/ spending commences	Payments received	Expired/ rescinded/ adjusted grants	Authorized grants as of June 30, 2026	Amounts not expended as of June 30, 2026	Grants receivable as of June 30, 2026
Operating grants:							
FY 2026 FEMA Funding	$ —	6	(6)	—	—	—	—
FY 2026 FEMA Funding CAL OES	—	14	(14)	—	—	—	—
Total operating grants	$ —	20	(20)	—	—	—	—

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

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), an enterprise fund of the City and County of San Francisco, California, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise SFMTA's financial statements, and have issued our report thereon dated November 6, 2026. As discussed in Note 1, the financial statements present only the SFMTA and do not purport to, and do not, present fairly the financial position of the City, the changes in its financial position, or where applicable, its cash flows in accordance with accounting principles generally accepted in the United States of America.

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

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 SFMTA's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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.

Crowe LLP

Crowe LLP

San Francisco, California
November 6, 2026