

# Annual Comprehensive Financial Report

For the Fiscal Year  
Ended June 30, 2021



**San Francisco  
County Transportation  
Authority**

a component unit of the City and County of San Francisco, California

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# Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2021

Prepared by the Finance and Administration Division



**San Francisco  
County Transportation  
Authority**

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# San Francisco County Transportation Authority

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June 30, 2021

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# Introductory Section



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December 21, 2021

To the Members of the Governing Board of the San Francisco County Transportation Authority:

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the San Francisco County Transportation Authority (Transportation Authority) for the fiscal year (FY) ended June 30, 2021. The financial statements are presented in conformity with generally accepted accounting principles and were audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe the controls and procedures are in place to ensure the accuracy of reported data, in all material respects, and the Transportation Authority's financial position is presented fairly.

Eide Bailly LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the Transportation Authority's financial statements for the year ended June 30, 2021. The independent auditor's report is located at the front of the Financial Section of this report.

The Transportation Authority is also required to undergo an annual federal compliance audit in conformity with the provision of the Single Audit Act of 1984, and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The results of this audit can be found in the Federal Compliance Section.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.



## **Profile of the Government**

San Francisco is the cultural, commercial, and financial center of Northern California. The consolidated city-county covers an area of about 47.9 square miles at the north end of the San Francisco Peninsula in the San Francisco Bay Area. The Transportation Authority, established in 1989 pursuant to the provisions of the Bay Area County Traffic and Transportation Funding Act (Act) and by voter approval of Proposition B, is a sub-regional transportation planning and programming agency for the City and County of San Francisco (City). Originally created to administer the proceeds of the retail transactions and use tax also approved by Proposition B (Prop B), the City's first local sales tax for transportation, the Transportation Authority has since been asked to take on several additional roles and responsibilities mandated by state law. On November 4, 2003, county voters approved Proposition K (Prop K), adopting a new transportation expenditure plan referred to herein as the Expenditure Plan, which superseded Proposition B, and extended the existing one-half of one percent (0.5%) county-wide sales tax through March 31, 2034.

Pursuant to the Act, the Transportation Authority is a separate legal entity from the City, with its own staff, budget, operating rules, policies, board, and committee structure. The Transportation Authority's borrowing capacity is separate and distinct from that of the City. The Transportation Authority does not own or operate any transit systems, but it coordinates with and provides funding to certain other agencies that do operate transit systems. The Transportation Authority's mission is to make travel safer, healthier, and easier for all. The Transportation Authority plans, funds, and delivers local and regional projects to improve travel choices for residents, commuters, and visitors throughout the city.

Since 1990, the Transportation Authority has been the designated Congestion Management Agency (CMA) for San Francisco. In this role, the Transportation Authority is responsible for developing and administering the Congestion Management Program. Through its CMA activities, the Transportation Authority leverages state and federal transportation dollars to complement Prop K sales tax revenues and performs project delivery oversight to assist with project implementation. The Transportation Authority also tracks transportation system performance to ensure that the City gets good value for its transportation investments, as well as prepares the long-range San Francisco Transportation Plan to guide future investment decisions.

The Transportation Authority has also served as the San Francisco Program Manager for grants from the Bay Area Air Quality Management District's (Air District's) Transportation Fund for Clean Air (TFCA) program since 1990. In such role, the Transportation Authority approves funding for transportation projects that directly benefit air quality, through reduced motor vehicle emissions.

The Transportation Authority also serves as the administrator of Proposition AA (Prop AA), a \$10 annual vehicle registration fee on motor vehicles registered in the City, which was passed by City voters in November 2010. In such role, the Transportation Authority oversees the Prop AA program and allocates funds to street repair and reconstruction, pedestrian safety, and transit reliability and mobility improvement projects. This fee is separate and apart from, and does not form any part of, the Sales Tax Revenues.

The Transportation Authority was also designated as the Treasure Island Mobility Management Agency (TIMMA) in 2014, and although TIMMA and the Transportation Authority share staff and a common board of commissioners, TIMMA's functions and its budget are separate and apart from those of the Transportation Authority. TIMMA is charged with planning for sustainable mobility on Treasure Island, and sponsoring the provisions of new ferry and regional bus service, on-island shuttle, bike share, and car share opportunities. In 2008, state legislation enabled TIMMA to implement congestion pricing to manage vehicle traffic as the island develops, and to fund the new transit and other mobility services.

In November 2019, San Francisco voters approved Proposition D (Prop D), the Traffic Congestion Mitigation Tax also known as the TNC Tax, and the Transportation Authority was designated to receive 50% of the TNC Tax revenues. This tax enables the City of San Francisco to impose a 1.5% business tax on shared rides and 3.25% business tax on private rides for fares originating in San Francisco and charged by commercial ride-share and driverless-vehicle companies until November 2045. After allowable City administrative costs, 50% of the tax would provide funding for the San Francisco Municipal Transportation Agency (SFMTA) for Muni transit service and affordability, system reliability and capacity, and keeping transit infrastructure in a state of good repair, for defined purposes. The remaining 50% would provide funding for the Transportation Authority for planning, design studies, and/or capital improvements that promote users' safety in the public right-of-way, for defined purposes.

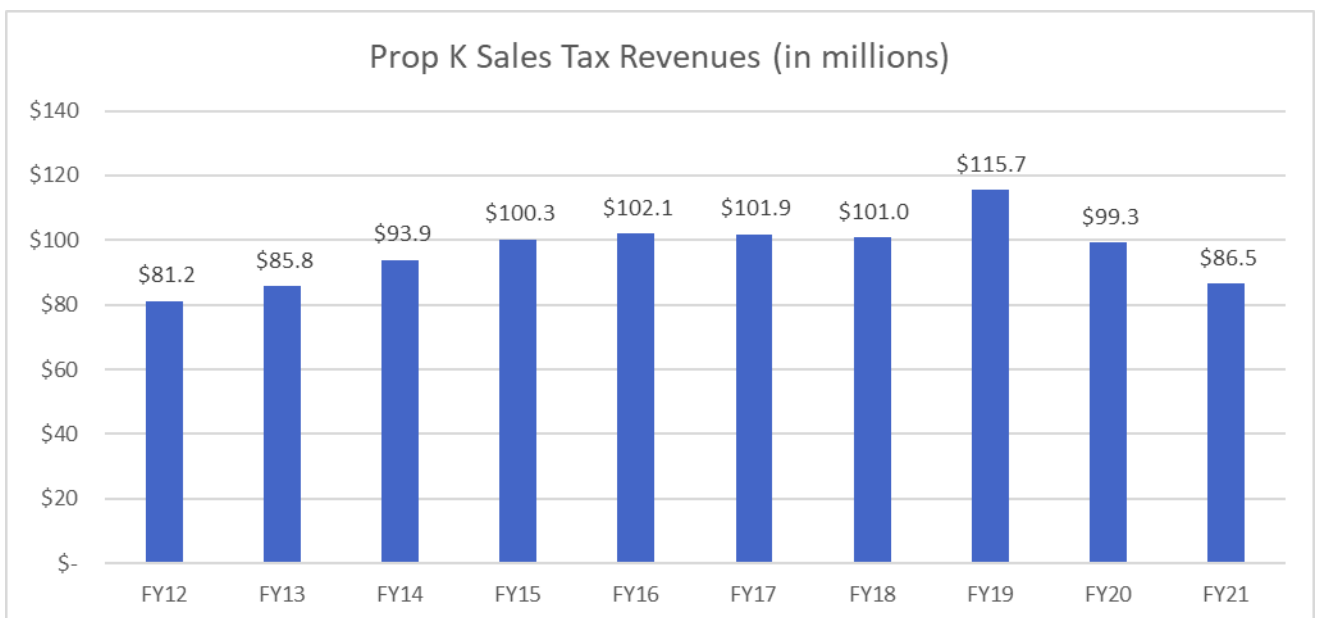
The Transportation Authority governing board consists of the eleven members of the San Francisco Board of Supervisors, who act as Transportation Authority Commissioners (Board). Board members elect a chair every January. The chair appoints the members and chairs of the committees and serves as an ex-officio member on the committees. The Board is required to adopt an initial budget for the fiscal year no later than June 30th preceding the beginning of the fiscal year on July 1.

The World Health Organization declared the outbreak of the COVID-19 disease to be a public health emergency of international concern, and on March 11, 2020, declared a worldwide pandemic of the COVID-19 disease. On March 17, 2020, consistent with the City's shelter-in-place orders, the Transportation Authority office switched from physical to virtual operations and have remained virtual to date. On December 11, 2020, the U.S. Food and Drug Administration authorized the country's first COVID-19 vaccine for emergency use. As of June 2021, more than 75% of the adult population has received at least one dose of coronavirus vaccine in San Francisco and California reopened on June 15, 2021. For the majority of FY2020/21, shelter-in-place and other restrictions were in place to reduce the spread of COVID-19. These measures and other COVID-19 related events continue to significantly affect San Francisco's economy and agency revenues as discussed below.

## **Major Revenue - Sales Tax**

The Act, among other things, authorizes the board of supervisors of any county within the nine-county Bay Area to develop a countywide consensus on a proposed transportation expenditure plan to be submitted to the voters, following various local governmental approvals, as part of an ordinance imposing a retail transactions and use tax of either one-half of one percent or one percent in accordance with the provisions of the California Transactions and Use Tax Law (Revenue and Taxation Code Sections 7251, et seq.).

In accordance with the Act, on November 7, 1989, more than two-thirds of the voters of the City approved Prop B, which authorized the formation of the Transportation Authority and imposed the Original Sales Tax, for a minimum period of 20 years commencing April 1, 1990, for the purpose of funding the Transportation Authority's Original Expenditure Plan (herein defined). The Original Sales Tax was extended on November 4, 2003, by 74.79% of the voters on the measure (known as "Proposition K" or "Prop K") providing for the continuation of a retail transactions and use tax of one-half of one percent (0.5%) to fund the Transportation Authority's new Expenditure Plan. The Sales Tax has continued to be imposed and collected without interruption during the implementation of new Expenditure Plan. The Expenditure Plan covers a 30-year period, which began on April 1, 2004, and continues through March 31, 2034.



San Francisco County Transportation Authority  
Letter of Transmittal  
June 30, 2021

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Building Material, Garden										
Equipment & Supplies Dealer	\$ 383,916	\$ 438,152	\$ 498,134	\$ 514,998	\$ 567,502	\$ 590,523	\$ 586,018	\$ 660,316	\$ 688,526	\$ 678,394
Clothing and Clothing										
Accessories Stores	1,579,271	1,791,408	1,979,096	2,096,465	2,200,024	2,129,867	2,099,019	2,081,039	2,004,367	1,592,984
Food and Beverage Stores	628,015	677,070	718,909	758,809	805,017	845,680	851,556	862,682	859,081	822,192
Food Services and										
Drinking Places	2,958,953	3,291,907	3,579,986	3,937,397	4,293,647	4,573,912	4,680,694	4,806,903	4,958,157	3,756,963
Gasoline Stations	586,364	640,620	662,270	652,121	520,987	442,063	445,369	548,415	563,607	440,577
General Merchandise Stores	734,974	777,872	852,932	891,592	864,504	857,385	822,175	812,795	767,933	657,382
Home Furnishings Stores										
and Appliance Stores	699,344	775,343	847,462	929,378	982,826	989,560	917,409	970,745	1,058,102	874,722
Motor Vehicle and										
Parts Dealers	438,541	469,375	524,700	581,188	575,056	552,476	613,651	613,264	678,081	565,616
Other Retail Group	1,419,865	1,513,423	1,710,783	1,927,610	2,131,146	2,171,479	2,292,527	2,469,161	2,582,246	2,666,115
Total Retail and										
Food Services	9,429,243	10,375,170	11,374,272	12,289,558	12,940,709	13,152,945	13,308,418	13,825,320	14,160,100	12,054,945
All Other Outlets	4,694,026	5,167,013	5,025,762	5,589,371	5,721,175	6,226,000	6,026,085	5,999,001	6,602,407	5,839,627
Total All Outlets	<u>\$14,123,269</u>	<u>\$15,542,183</u>	<u>\$16,400,034</u>	<u>\$17,878,929</u>	<u>\$18,661,884</u>	<u>\$19,378,945</u>	<u>\$19,334,503</u>	<u>\$19,824,321</u>	<u>\$20,762,507</u>	<u>\$17,894,572</u>

Source: California Department of Tax and Fee Administration.

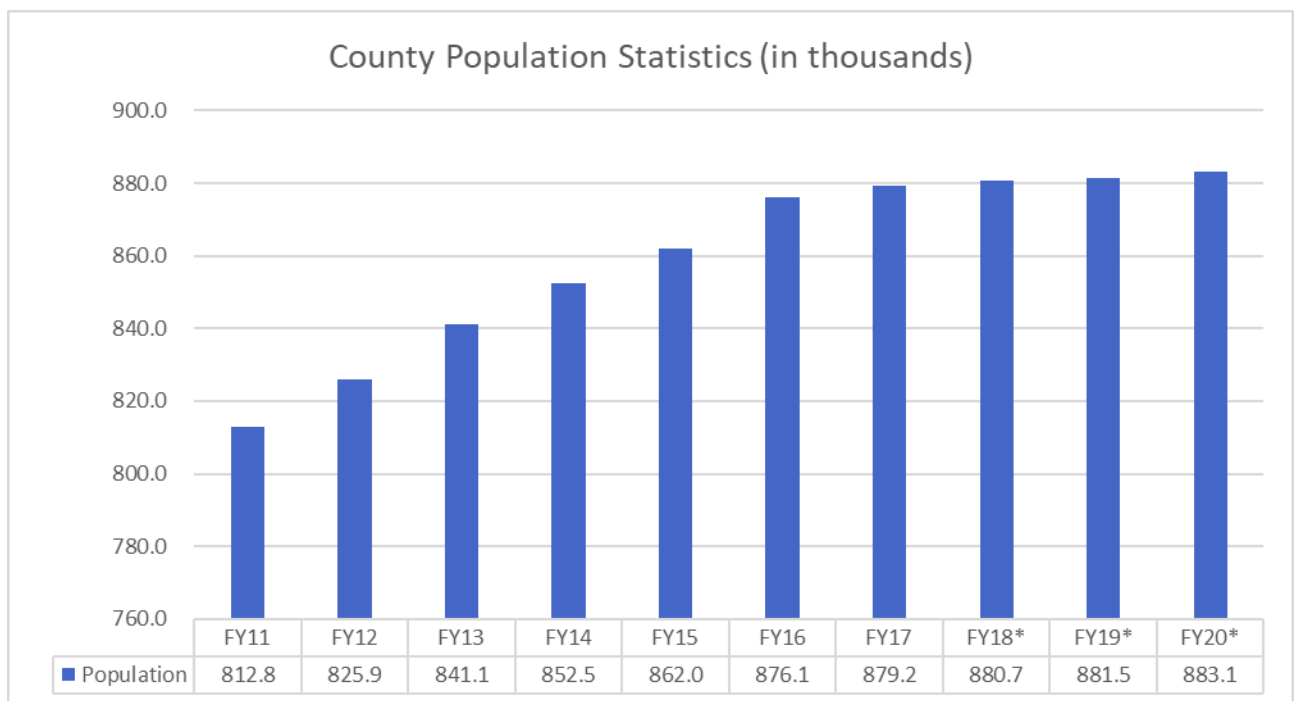
In FY2020/21, Sales Tax revenue of \$86.5 million was 12.8% lower than FY2019/20, which was related to lower Sales Tax receipts as an effect of the COVID-19 pandemic. As vaccine rates increased and restrictions lifted, FY2020/21 sales tax revenue improved during the 2<sup>nd</sup> half of the fiscal year and ended up 6.8% higher at year end than the Transportation Authority's final budget. The Transportation Authority is cautiously optimistic about future sales tax revenue as the economy in the San Francisco Bay Area reopens more fully, and we will continue to closely monitor revenue streams and coordinate with the City and sister agencies to assess short-, medium-, and long-term financial impacts. Fortunately, the Transportation Authority entered this crisis in a strong financial position and remains well positioned to weather these challenging times. In July 2021, the Transportation Authority has maintained the highest possible rating of AAA by Fitch Ratings. This AAA rating places the Transportation Authority among the highest rated organizations in California. The rating also reflects the agency's strong and resilient maintenance of the voter-approved half-cent sales tax for transportation and stable outlook.



**Local Economy (revenue drivers)**

San Francisco's economy is driven by various types of industries including financial services, tourism, and high technology which affect sales tax revenues as well as population, personal income, and unemployment rate. San Francisco is a major employment center for the broader region, offering high-paying jobs and rivaling neighboring Silicon Valley. Housing costs continued to rise and remained amongst the highest in the nation, pressuring many lower income families to move further out to other parts of the Bay Area or elsewhere. At the end of FY2020/21, all these factors were affected by the COVID-19 pandemic. See below for further discussions.

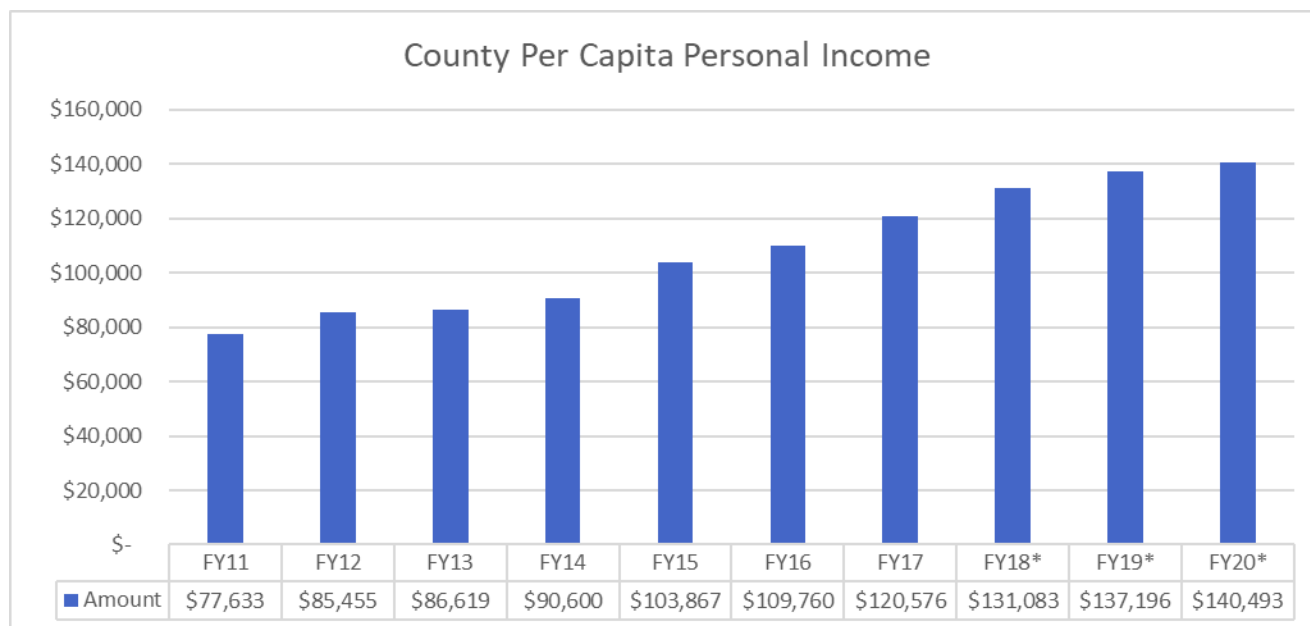
The estimated population of the City and County of San Francisco increased from 812,826 in FY2010/11 to 883,083 in FY2019/20 with an average annual growth rate of 0.93%.



Source: City and County of San Francisco Annual Comprehensive Financial Report for the year ended June 30, 2020; Statistical Section - Demographic and Economic Statistics table.

\*FY2017/18 and FY2018/19 were updated from last year's Annual Comprehensive Financial Report with newly available data. FY2019/20 population was estimated by multiplying the estimated FY2018/19 population by the FY2018/19 - FY2019/20 population growth rate.

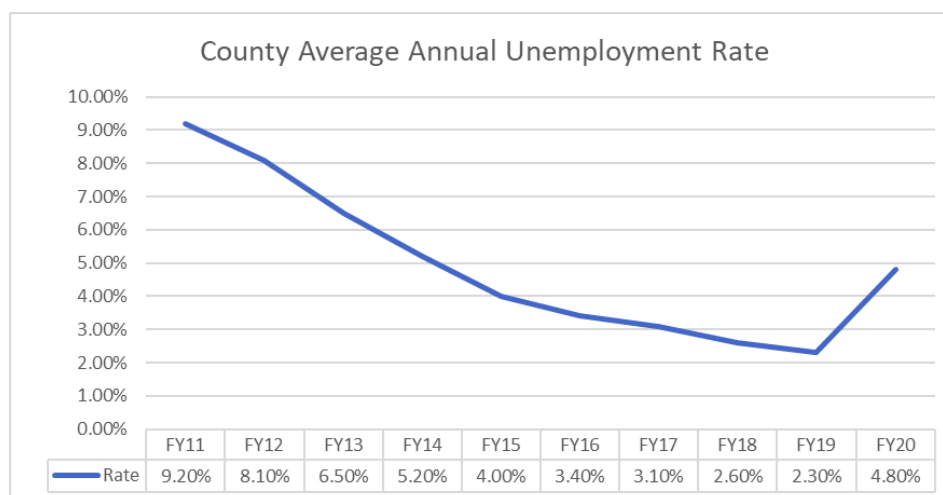
The estimated per capita personal income for the City and County of San Francisco continuously increased by \$62,860 from \$77,633 in FY2010/11 to \$140,493 in FY2019/20.



Source: City and County of San Francisco Annual Comprehensive Financial Report for the year ended June 30, 2020; Statistical Section - Demographic and Economic Statistics table.

\*Per capita personal income for FY2018/19 and FY2019/20 was estimated by dividing the estimated personal income for FY2018/19 and FY2019/20 by the reported and estimated population in FY2018/19 and FY2019/20, respectively. FY2017/18 and FY2018/19 are updated from last year's Annual Comprehensive Financial Report with newly available data. FY2018/19 was estimated by multiplying the latest quarterly State income by 1000 and dividing by the estimated FY2018/19 population.

In addition, the unemployment rate fell from 9.2% in FY2010/11 to 2.3% in FY2018/19 and increased to 4.8% in FY2019/20 due to stay at home order issued by the Governor of California on March 19, 2020, to protect the health and well-being of all residents of California and to establish consistency across the state in order to slow the spread of COVID-19.



Source: City and County of San Francisco Annual Comprehensive Financial Report for the year ended June 30, 2020; Statistical Section - Demographic and Economic Statistics table.

San Francisco is a sought-after destination with a strong labor market and future population, and job growth is expected to sustain the spending base in the city. However, the COVID-19 pandemic impacted these trends starting the third quarter of FY2019/20. The sales tax revenue decreased over 25% since FY2019/20. In California, the sales tax receipts recovered at lightning speed in 4 quarters when comparing to the Global Financial Crisis of 2008 which recovered in 16 quarters according to the California Department of Tax and Fee Administration. Despite the initial drop in the spring/summer of 2020, cash receipts in California rebounded and ended the year up over 10% from the prior fiscal year. Looking ahead, San Francisco continues to lag comparable to other metro areas in California in terms of COVID-19 recovery due to tighter restrictions, but the combined effects above are expected to support such recovery and subsequent sales tax revenues growth for the Transportation Authority in the foreseeable future.

## **Major Capital Project Expenditures**

In FY2020/21, the Transportation Authority continued to allocate Prop K sales tax, Prop AA vehicle registration fees, TFCA funds, TNC tax, and grants from federal, state, and regional sources to partially or fully fund a wide variety of programs and projects that improve the safety and efficiency of the multi-modal transportation network in San Francisco. During the year, one of the largest allocations related to \$16.2 million to procure thirty replacement 30-foot hybrid motor coaches to serve San Francisco's hilly neighborhood routes.

Using Prop K half-cent transportation sales tax funds, the Transportation Authority mainly reimbursed project sponsors for the following:

- Transit vehicle replacement and renovation expenses totaling \$15.8 million, primarily for SFMTA's \$1.2 billion light rail vehicle procurement, of which the total Prop K commitment is nearly \$192 million;
- SFMTA for \$5.7 million in expenses related to a variety of infrastructure improvements along bus, light rail and cable car routes. This included nearly \$1 million to complete monitoring and control systems integration between the subway and SFMTA's Transit Management Center, \$1.4 million for continued progress on the Van Ness Avenue Bus Rapid Transit project; rehabilitation of the massive gearboxes in the Cable Car Barn that transmit power to the cable cars; and design of remote-control disconnect switches for the circuits that power San Francisco's electric trolleybuses;
- SFMTA totaling \$5.8 million for renovation and expansion of its transit stations and maintenance facilities. These projects included new bus lifts for SFMTA's Presidio Division maintenance facility, a second elevator for its Castro Street light rail station, and expansion of its Metro East light rail storage and maintenance facility.

- SFMTA for \$6.8 million in Prop K funds for a variety of traffic signal projects, including New Traffic Signals Contract 64 (9 new signals), Traffic Signal Upgrade Contracts 34 and 35 (total 37 replacement traffic signals), signal upgrades along Gough Street (17 replacement traffic signals), and new pedestrian signals along Webster Street (36 pedestrian signals). These Prop K funds were also used to reimburse expenses for intelligent transportation systems such as transit signal priority, variable message signs, and traffic cameras linked to SFMTA's traffic control center. New traffic signals as well as signal upgrades include installation of new LED signal heads, poles, mast arms, signs, pedestrian signals, controllers, and curb ramps.

### **Funding the Projects**

Since the inception of Prop K in 2004, the Transportation Authority has administered the Prop K program primarily on a pay-as-you-go basis, with the use of short-term debt instruments to meet temporary cash flow needs. However, in order to meet the multi-year funding needs of the Prop K capital program, driven by several large projects, in 2017, the Transportation Authority issued \$248.3 million in Senior Sales Tax Revenue Bonds, Series 2017 (the Series 2017 Bonds). The Series 2017 Bonds are secured and repaid by the Prop K half-cent sales tax and mature February 1, 2034. The Transportation Authority used the proceeds of the Series 2017 Bonds to (i) finance a portion of the costs of and costs incidental to, or connected with, the construction, acquisition, and improvement of certain transit, street, and traffic facilities, and other transportation projects, including, without limitation, engineering, inspection, legal, fiscal agents, financial consultant and other fees and working capital, all as described in the Expenditure Plan adopted pursuant to the Act; (ii) repay a portion of the outstanding amount of a revolving credit agreement and a promissory note evidencing the Transportation Authority's payment obligation thereunder; (iii) pay capitalized interest on a portion of the Series 2017 Bonds; and (iv) pay costs of issuance of the Series 2017 Bonds. As of June 30, 2021, the Series 2017 Bond proceeds have been fully expended.

In 2021, the Transportation Authority continues to hold credit ratings with Fitch Ratings and S&P Global Ratings. Fitch issued a rating of AAA, its highest and S&P issued a rating of AA+. The high ratings reflect the strength and diversity of the economic base that generates San Francisco's half-cent sales tax for transportation, the primary revenue source overseen by the Transportation Authority. The ratings also reflect the Transportation Authority's strong financial position.



### **Relevant Financial Policies**

The Transportation Authority has adopted a comprehensive set of financial policies.

*Fiscal Policy* guides decisions pertaining to internal fiscal management, including day-to-day operations, annual budget development, and sales tax revenue allocation requirements of the Transportation Authority.

*Investment Policy* organizes and formalizes investment-related activities and sets out policies and procedures that enhance opportunities for prudent and systematic investment of Transportation Authority assets.

*Debt Policy* organizes and formalizes debt issuance-related policies and procedures for the Transportation Authority and establishes a systematic debt policy.

### **Awards and Acknowledgements**


The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Transportation Authority for its ACFR for the fiscal year ended June 30, 2020. This will be the fourth year that the Transportation Authority will apply for this prestigious award. In order to be awarded a Certificate of Achievement, the local government agency had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe that our current ACFR will meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements again. The preparation of this report would not have been possible without the skill, effort, and dedication of the finance staff: Henry Pan, Krista Gan, Lily Yu, Lina Plotnikoff, and Ronald Leong. We wish to thank all the divisions for their assistance in providing the data necessary to prepare this report. Credit also is due to the Board of Commissioners and Tilly Chang, Executive Director, for their unfailing support for maintaining the highest standards of professionalism in the management of the Transportation Authority's finances.

Respectfully submitted,



Cynthia Fong, CPA, CGMA  
Deputy Director for Finance and Administration



Kalman Hui, CPA  
Controller



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**San Francisco County Transportation Authority  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

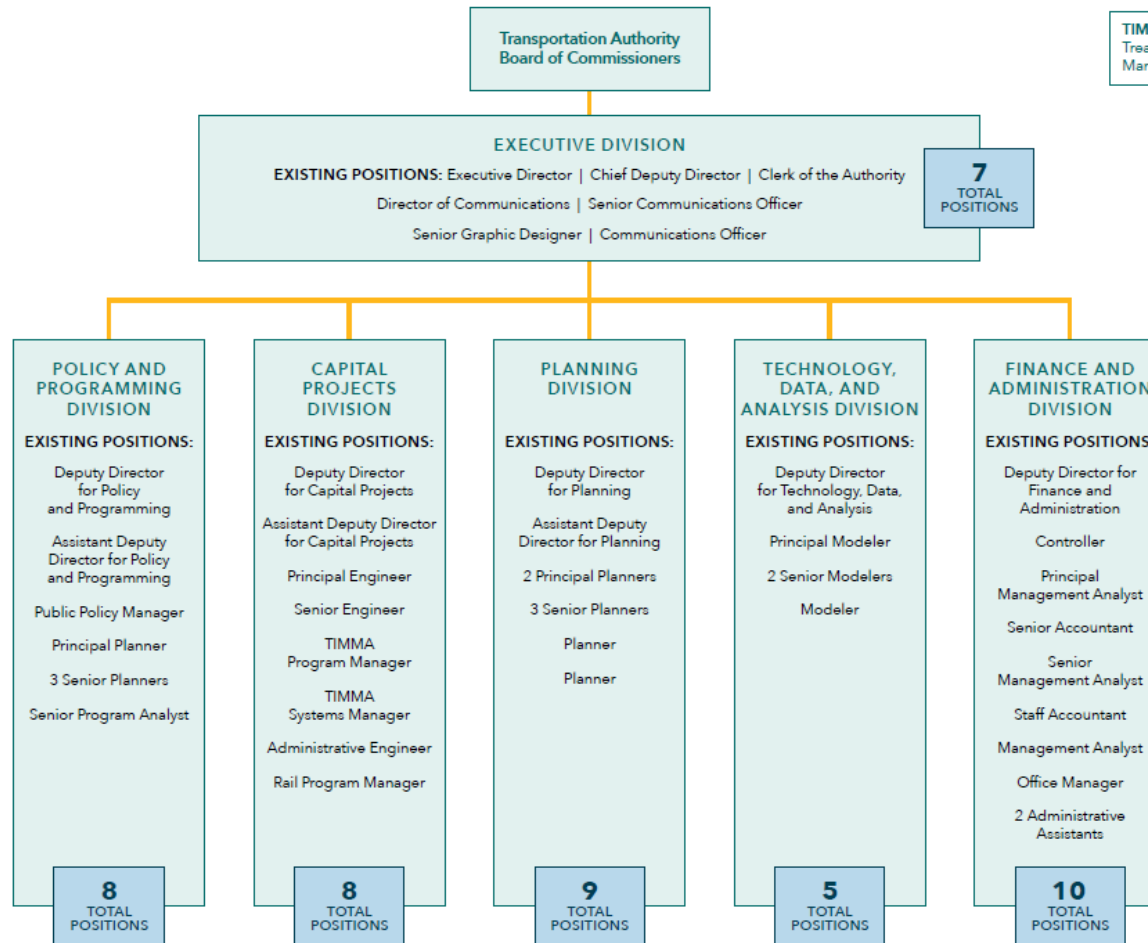
Executive Director/CEO

## Agency Structure 47 STAFF POSITIONS



San Francisco  
County Transportation  
Authority

TIMMA:  
Treasure Island Mobility  
Management Agency



## Commissioners and Officials

As of June 30, 2021

**Commissioners:**

Rafael Mandelman – Board Chair

Aaron Peskin – Vice Chair

Connie Chan

Matt Haney

Gordon Mar

Myrna Melgar

Dean Preston

Hillary Ronen

Ahsha Safaí

Catherine Stefani

Shamann Walton

**Executive Director:**

Tilly Chang

**Chief Deputy Director:**

Maria Lombardo

**Deputy Directors:**

Cynthia Fong – Finance and Administration

Anna LaForte – Policy and Programming

Eric Cordoba – Capital Projects

Joe Castiglione – Technology, Data, and Analysis

Hugh Louch – Planning

Eric Young – Communications





# Financial Section

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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Francisco County Transportation Authority (Transportation Authority), a component unit of the City and County of San Francisco, California, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Transportation Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Transportation Authority, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedule of changes in net other postemployment benefits (OPEB) asset and related ratios, schedule of OPEB contributions, schedule of the proportionate share of the net pension liability, and schedule of pension contributions on pages 4 through 21 and pages 61 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Transportation Authority's financial statements. The introductory section, Schedule of Revenues, Expenditures, and agency-wide budgetary comparison schedule, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements.



The schedule of expenditures of federal awards, and the agency-wide budgetary comparison schedule are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards, agency fund statement of changes in assets and liabilities, and the agency-wide budgetary comparison schedule are fairly stated in all material respects, in relation to the financial statements taken as a whole.

The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2021, on our consideration of the Transportation Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Transportation Authority'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 Transportation Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California  
December 21, 2021

The annual financial report of the San Francisco County Transportation Authority (Transportation Authority) presents a discussion and analysis of the Transportation Authority's financial performance during the year ended June 30, 2021. The Transportation Authority's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. We encourage readers to consider the information presented here in conjunction with the Transmittal Letter and accompanying Basic Financial statements.

## **Financial Highlights**

### **Government-Wide Financial Statement Highlights**

**Net Position** – The liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at fiscal year ended June 30, 2021, by \$142.6 million, down 2.3% from the prior year.

**Changes in Net Position** – Total net position decreased by \$3.3 million in FY2020/21, down 2.3% from the prior year, which is due in large part to a decrease in cash, deposits, and investments and an increase in other liabilities.

**Long-term Debt** – Total debt obligations, Note 7, decreased by \$14.5 million during FY2020/21, down 5.7% from the prior year which is largely due to a \$13.3 million in revenue bond principal repayment.

**Cash, Deposits, and Investments** – Total cash, deposits, and investments decreased by \$19.6 million in FY2020/21, down 13.6% from the prior year which is primarily due to higher transportation improvement expenditures and lower sales tax revenues in FY2020/21.

**Other Non-Cash Assets** – Total other non-cash assets (assets other than cash, deposits, and investments) increased by \$14.6 million in FY2020/21, up 47.1%, which is primarily due to an increase in Congestion Management Agency program receivables.

**Sales Tax Revenues** – Total sales tax revenues decreased by \$12.7 million in FY2020/21, down 12.8% from the prior year, which is due in large part to lower sales tax receipts as an effect of the COVID-19 pandemic, which had significantly affected our economy. Sales tax revenues are still lower than pre-pandemic revenues.

**Program Operating Grants and Contributions Revenues** – Total program operating grants and contributions increased by \$5.6 million in FY2020/21, up 34.7% from the prior year, which is largely due to the increase of grant revenues for the Phase 2 of the I-80/Yerba Buena Island Interchange Improvement Project (Southgate Road Realignment Improvements).

Transportation Improvement Expenses – Total transportation improvement expenses increased by \$13.1 million in FY2020/21, up 12.8% from the prior year, which is mainly due to increased construction activities for the Southgate Road Realignment Improvements project.

## **Fund Financial Statement Highlights**

The total combined balance for governmental funds is classified into three categories of fund balance (non-spendable, restricted, and unassigned) to provide the reader of these financial statements with a better understanding of the Transportation Authority's available resources and plans to ensure fiscal stability in the near term. Of the total, \$82 thousand is categorized as "non-spendable" for prepaid costs and deposits, \$23.9 million is "restricted" for debt service and transportation projects, and the remaining \$57 million is "unassigned." Detailed discussion of the individual funds is found further in the MD&A report.

## **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Transportation Authority's basic financial statements which comprise of three components: (1) Government-wide financial statements, (2) Fund financial statements, and (3) Notes to the basic financial statements. Additional supplementary information is included, in addition to the basic financial statements.

## **Government-wide Financial Statements**

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

The ***statement of net position*** provides information about the financial position of the Transportation Authority as a whole, including all of its capital assets, deferred outflows/inflows of resources, and long-term liabilities, on a full accrual basis of accounting similar to the accounting model used by private sector firms.

The ***statement of activities*** presents information showing how the Transportation Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to accrued, but uncollected taxes, and to expenses pertaining to earned, but unused compensated absences.

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

## **Fund Financial Statements**

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

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

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

The Transportation Authority maintains six governmental funds organized according to their source of funding. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the: (1) Sales Tax Program, referred to as Sales Tax Program, (2) Congestion Management Agency Programs, (3) Transportation Fund for Clean Air Program, (4) Vehicle Registration Fee for Transportation Improvements Program, (5) Treasure Island Mobility Management Agency, and (6) Traffic Congestion Mitigation Tax Program. Each of these funds is considered a major fund.

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

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

- **Congestion Management Agency (CMA) Programs** – The CMA Fund accounts for resources accumulated and payments made for developing a congestion management program and construction of major capital improvements. Major sources of revenue are federal, state, and regional grants.

One of the Transportation Authority's responsibilities as the CMA is to develop a long-range countywide transportation plan (the San Francisco Transportation Plan or SFTP, formerly known as the Countywide Transportation Plan) to guide transportation system development and investment over the next 30 years. The plan is consistent with the broader policy framework of the City's General Plan and particularly its Transportation Element, which is being updated by the Planning Department as part of ConnectSF (discussed below). The SFTP further develops and implements the City's General Plan principles by identifying needed transportation system improvements, based on technical review of system performance against City goals, including equity impacts; extensive public and agency input on key issues and needs; and analysis of policies, financial opportunities, and constraints. The Transportation Authority Board adopted the first update to the plan in December 2013 and another update in September 2017. A draft update to the SFTP is anticipated in Summer 2022.

The underway SFTP update is being developed through ConnectSF, a multi-agency long-range collaborative process to build an effective, equitable, and sustainable transportation system for San Francisco's future. Phase 1 of ConnectSF defined a 30-year Vision of San Francisco's transportation future that includes goals and aspirations as a city within the larger Bay Area, as well as a Statement of Needs that identifies what is needed to meet the vision and goals. Phase 2 of ConnectSF, now underway, includes: the Transit Corridors Study, and Streets and Freeways Study. Both studies are identifying key strategies and project concepts to help San Francisco address the challenges identified in the Statement of Needs and make progress towards the Vision. Phase 2 is expected to be completed by June 2022. The SFTP is part of Phase 3 of the ConnectSF effort.

### **Other Major Programs and Projects Under the CMA**

- **Interstate-80/Yerba Buena Island Interchange Improvement Project and Yerba Buena Bridge Structures (collectively known as the YBI Project):** The Treasure Island Development Authority (TIDA) has requested that the Transportation Authority, in its capacity as the CMA, be the lead agency for the YBI Project. Since 2009, the Transportation Authority has been working jointly with TIDA, the Mayor's Office of Economic and Workforce Development, and the California Department of Transportation (Caltrans). The scope of the YBI Project includes two major components: 1) the YBI Ramps Improvement Project - Phase 1, which includes constructing new westbound on- and off-ramps (on the east side of YBI) to the new Eastern Span of the San Francisco-Oakland Bay Bridge (SFOBB) and the Southgate Road Realignment Improvements - Phase 2; and 2) the YBI West Side Bridges Project on the west side of the island, which includes seismic retrofit and replacing bridges on Treasure Island Road, a critical component of island traffic circulation leading to and from the SFOBB.
- **YBI Ramps Project:** For Phase 1, Caltrans issued the Federal Record of Decision in November 2011. The Final Environmental Impact Report/Environmental Impact Statement (EIR/EIS) was certified by the Transportation Authority Board in December 2011. The Transportation Authority completed preparation of the Final Plans, Specifications, and Estimate documents for the project in March 2013 and awarded a construction contract to Golden State Bridge, Inc. in December 2013. Construction activities started in January 2014. The Phase 1 project is substantially complete, and the new ramps were opened to the public on October 22, 2016. The Phase 1 work and project closeout was completed April 30, 2020. For Phase 2, the environmental revalidation was completed in May 2019. Final Design was completed in the third quarter of 2019. Phase 2 construction started June 2020 and is expected to be completed by summer 2022.

- **YBI West-Side Bridges Project:** The YBI West-Side Bridges project encompasses eight existing bridge structures on the west side of YBI. These structures generally comprise a viaduct along Treasure Island Road, just north of the SFOBB. These bridge structures are a vital component of the YBI traffic circulation system and also serve as an important part of the on- and off-ramp system to the SFOBB. The project limits, along Treasure Island Road, are from the SFOBB to approximately 2000-feet northward. This stretch of Treasure Island Road includes the bridge structures and portions of "at-grade" roadway. The project is funded through the Caltrans Local Highway Bridge Program and the project purpose is to bring the bridge structures up to current seismic safety standards. To accomplish this, one structure will be seismically retrofitted, and seven structures will be demolished and replaced with realigned roadway, an undercrossing structure, and six new retaining walls. As part of continued preliminary engineering and design efforts and as required by federal funding, a Value Engineering Analysis Report was prepared in February 2014 in consultation with TIDA, San Francisco Public Works, Caltrans, and independent construction experts. The Value Engineering Analysis Report made various recommendations for Transportation Authority and TIDA consideration to reduce overall project risk and cost. As a result of the Value Engineering Analysis, new geometrics have been prepared, which realigns Treasure Island Road into the hillside and replaces two of the structures with retaining walls.

The introduction of the revised geometrics required additional engineering and environmental analysis to be performed. In addition, due to the numerous complex structural and geotechnical challenges, the results of the Value Engineering Analysis recommended that this project should be delivered using an innovative project delivery approach: Construction Manager/General Contractor.

In order to reduce costs and construction duration, the current plan calls for closing the Treasure Island/Hillcrest Road from Macalla Road to Forest Road. Construction of this project will follow the completion of: 1) YBI Southgate Road Realignment Improvements and 2) Macalla Road reconstruction (being completed by Treasure Island Community Development). The National Environmental Policy Act and California Environmental Quality Act Categorical Exemption environmental documents were approved in November 2017. Final design is underway and expected to be completed in the spring of 2022. Construction is anticipated to start in the summer of 2022 pending securing full funding for the construction phase, and be completed by summer 2025.



- **Downtown Congestion Pricing Study:** The Transportation Authority is conducting a study to explore how a fee to drive into northeast San Francisco during busy hours – a strategy called congestion pricing – could keep traffic moving while making our transportation system safer and more equitable. A rising population and job growth, combined with a growing presence of ride-hail vehicles, has resulted in clogged streets, particularly downtown and in the South of Market Area. This impacts not only people who are traveling, but also the surrounding residents' quality of life, safety, and health, and disproportionately affects low-income Equity Priority Communities. This study will help us understand whether congestion pricing could be an effective and fair tool to reduce congestion. We will also assess other benefits, such as whether downtown congestion pricing could make Muni faster and more reliable; reduce greenhouse gas emissions; and generate revenue for transit, pedestrian, bicycle, and street improvements.
- **Transportation Fund for Clean Air (TFCA) Program** – San Francisco has a \$4 per vehicle registration fee to support projects of the Air District. Of the total collections, the Air District passes 40% of the proceeds to the Transportation Authority. Through this program, the Transportation Authority recommends projects that benefit air quality by reducing motor vehicle emissions. The Transportation Fund for Clean Air accounts for this activity. The major source of revenue for this fund is the \$4 vehicle registration fees on automobiles registered in the Bay Area.
- **Vehicle Registration Fee for Transportation Improvements Program (Prop AA) Fund** – This fund accounts for the November 2010 Prop AA Vehicle Registration Fee (VRF) for Transportation Improvements Program collections of the \$10 per year, per vehicle registration. The VRF started in the first week of May 2011 and the VRF proceeds are used to fund transportation projects identified in the Prop AA Expenditure Plan. The major source of revenue for this fund is vehicle registration fees. In 2012, the Transportation Authority Board approved the first Prop AA Strategic Plan, which describes the specific projects that could be funded within the first five years. In May 2017, the Transportation Authority Board approved the 2017 Prop AA Strategic Plan and programmed revenues for projects over the five-year period, covering Fiscal Years 2017/18 to 2021/22. The Prop AA program is a pay-as-you-go program.
- **Treasure Island Mobility Management Agency (TIMMA) Fund** – The Treasure Island Transportation Management Act of 2008 authorizes the creation or designation of a Treasure Island-specific transportation management agency. On April 1, 2014, the City's Board of Supervisors approved a resolution designating the Transportation Authority as the TIMMA to implement the Treasure Island Transportation Implementation Plan in support of the Treasure Island/Yerba Buena Island Development Project. In September 2014, Governor Brown signed Assembly Bill 141 (Ammiano), establishing TIMMA as a legal entity distinct from the Transportation Authority to help firewall the Transportation Authority's other functions. The major sources of revenue are federal, state, and regional grants.

- **Traffic Congestion Mitigation Tax (TNC Tax) Program** - This fund accounts for the November 2019 Proposition D Traffic Congestion Mitigation Tax. The City imposes a TNC Tax (effective January 1, 2020) of 1.5% to 3.25% on fares for rides originating in San Francisco, for the portion of the trip within the city, that are facilitated by commercial ride-share companies or are provided by an autonomous vehicle or private transit services vehicle. After a 2% set aside for administration by the City, 50% of the revenues are directed to the SFMTA for transit operations and improvements, and 50% to the Transportation Authority for bicycle and pedestrian safety improvements, traffic calming, traffic signals, and maintenance. The major source of revenue for this fund is TNC tax. In October 2020, the Transportation Authority Board approved policies for administration of this new fund program, along with the first allocation of TNC tax funds.

### **Notes to the Basic Financial Statements**

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

### **Other Information**

The other information is presented concerning the Transportation Authority's Agency-Wide Budgetary Schedule, and the Schedule of Expenditures of Federal Awards (SEFA). The SEFA presents expenditures of all federally funded programs during the year ended June 30, 2021. In addition, as required by generally accepted accounting principles, the required supplementary information section presents information about the Transportation Authority's net pension and net other postemployment benefits liabilities and related contributions, as well as comparison of budget plans to actual activities for the Sales Tax Program and each major special revenue fund.

### **Government-Wide Financial Analysis**

The Transportation Authority's statement of net position shows liabilities and deferred inflows exceeded its assets and deferred outflows by \$142.6 million at year ended June 30, 2021. Cash, deposits, and investments decreased by \$19.6 million. Other assets increased by \$14.6 million, as compared to the prior year. Other assets mainly include \$18.2 million in sales tax receivables, \$26.9 million in outstanding program and all other receivables (including amounts due from the City and County of San Francisco). Further explanations are provided in the Governmental Funds analysis section of the MD&A.

**Table 1.** Condensed Statement of Net Position

	For the Year Ended			
	June 30, 2021	June 30, 2020	\$ Change	% Change
Assets:				
Cash, deposits, and investments	\$ 124,978,825	\$ 144,604,015	\$ (19,625,190)	-13.6%
Other assets	45,584,409	30,993,806	14,590,603	47.1%
Capital assets	1,010,594	1,247,867	(237,273)	-19.0%
Total assets	171,573,828	176,845,688	(5,271,860)	-3.0%
Deferred outflows of resources	1,194,757	1,163,786	30,971	2.7%
Liabilities:				
Other liabilities	71,013,510	58,646,824	12,366,686	21.1%
Long-term liabilities	243,762,910	257,973,512	(14,210,602)	-5.5%
Total liabilities	314,776,420	316,620,336	(1,843,916)	-0.6%
Deferred inflows of resources	598,599	739,473	(140,874)	-19.1%
Net Position:				
Investment in capital assets	1,010,594	1,247,867	(237,273)	-19.0%
Restricted	42,420,369	28,673,442	13,746,927	47.9%
Unrestricted deficit	(186,037,397)	(169,271,644)	(16,765,753)	-9.9%
Total net position (deficit)	\$ (142,606,434)	\$ (139,350,335)	\$ (3,256,099)	-2.3%

The Transportation Authority's unrestricted deficit of \$186 million is mainly due to issuance of Sales Tax Revenue bonds in FY2017/18 with face amount of \$248.3 million, of which a portion was used to pay down the outstanding amount of the revolving credit agreement in November 2017 and the remaining to finance transit, street and traffic facilities, and other transportation projects. These transportation facilities are owned and maintained by the project sponsors; however, the related debt issued to finance these projects remains as a liability of the Transportation Authority. As a result, the Transportation Authority records long-term liabilities without corresponding assets thus causing an unrestricted deficit. The Transportation Authority's outstanding commitments are described in Note 13 of the basic financial statements. The \$1 million in investment in capital assets (net of accumulated depreciation) is comprised mostly of Board-approved investments in the Transportation Authority's workspace, such as leasehold improvements, furniture, and equipment. The Transportation Authority currently uses these capital assets to provide services; consequently, these assets are not available for future spending.

**Table 2.** Condensed Statement of Activities

	For the Year Ended			
	June 30, 2021	June 30, 2020	\$ Change	% Change
Revenues:				
General				
Sales tax	\$ 86,530,445	\$ 99,268,709	\$ (12,738,264)	-12.8%
Vehicle registration fee	4,828,943	4,701,173	127,770	2.7%
Traffic congestion mitigation tax	5,625,880	-	5,625,880	100.0%
Investment income	19,960	2,782,633	(2,762,673)	-99.3%
Other	262,294	246,122	16,172	6.6%
Program operating grants and contributions	21,800,630	16,186,972	5,613,658	34.7%
Total revenues	<u>119,068,152</u>	<u>123,185,609</u>	<u>(4,117,457)</u>	-3.3%
Expenses:				
Transportation improvement	115,410,193	102,329,345	13,080,848	12.8%
Interest	6,989,411	7,475,771	(486,360)	-6.5%
Total expenses	<u>122,399,604</u>	<u>109,805,116</u>	<u>12,594,488</u>	11.5%
Change in net position	(3,331,452)	13,380,493	(16,711,945)	-124.9%
Net position, beginning of year as restated	<u>(139,274,982)</u>	<u>(152,730,828)</u>	<u>13,455,846</u>	8.8%
Net position, end of year	<u>\$ (142,606,434)</u>	<u>\$ (139,350,335)</u>	<u>\$ (3,256,099)</u>	-2.3%

The Transportation Authority's net position decreased \$3.3 million for the year ended June 30, 2021. During the period, sales tax revenues decreased by \$12.7 million. This decrease in sales tax revenue is largely related to lower sales tax receipts as an effect of the COVID-19 pandemic, which had significantly affected our economy since the last quarter of FY2019/20. Sales tax revenues are still lower than pre-pandemic revenue levels. FY2020/21 sales tax revenues are 25.2% lower than sales tax revenues in FY2018/19. The Transportation Authority is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. Revenue from the vehicle registration fee increased by \$128 thousand. Investment income decreased by \$2.8 million. This is primarily due to GASB 31 adjustment to report the change in fair value of investments in the City's Treasury Pool (Pool) as well as a decline in earned income yield in the Pool from 1.14% in June 2020 to 0.47% in June 2021, which is a decrease of 0.67%. Most of our investable assets are deposited in the Pool. Program operating grants and contributions increased by \$5.6 million and transportation improvement expenses increased by \$13.1 million, primarily due to increased CMA program project activities and decreased Sales Tax Program project activities as explained in the Governmental Funds analysis on the next page.

### **Financial Analysis of the Transportation Authority's Funds**

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

### **Governmental Funds**

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

San Francisco County Transportation Authority  
Management's Discussion and Analysis  
June 30, 2021

**Table 3.** Condensed Balance Sheet

	Sales Tax Program		Consolidated other Special Revenue Funds		Total			
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	\$ Change	% Change
Assets:								
Cash, deposits, & investments	\$ 99,840,641	\$ 125,523,672	\$ 25,138,184	\$ 19,080,343	\$ 124,978,825	\$ 144,604,015	\$ (19,625,190)	-13.6%
Other assets	18,633,693	16,147,849	28,590,652	16,698,694	47,224,345	32,846,543	14,377,802	43.8%
Total assets	<u>\$ 118,474,334</u>	<u>\$ 141,671,521</u>	<u>\$ 53,728,836</u>	<u>\$ 35,779,037</u>	<u>\$ 172,203,170</u>	<u>\$ 177,450,558</u>	<u>\$ (5,247,388)</u>	-3.0%
Liabilities:								
Current and other liabilities	\$ 58,502,250	\$ 50,412,492	\$ 11,308,467	\$ 7,155,565	\$ 69,810,717	\$ 57,568,057	\$ 12,242,660	21.3%
Deferred inflows of resources:								
Unavailable revenues	-	2,000	21,430,587	12,100,119	21,430,587	12,102,119	9,328,468	77.1%
Fund balances:								
Nonspendable	81,580	81,580	-	-	81,580	81,580	-	0.0%
Restricted	2,864,318	2,693,783	20,989,782	16,571,323	23,854,100	19,265,106	4,588,994	23.8%
Unassigned	57,026,186	88,481,666	-	(47,970)	57,026,186	88,433,696	(31,407,510)	-35.5%
Total fund balances	<u>59,972,084</u>	<u>91,257,029</u>	<u>20,989,782</u>	<u>16,523,353</u>	<u>80,961,866</u>	<u>107,780,382</u>	<u>(26,818,516)</u>	-24.9%
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 118,474,334</u>	<u>\$ 141,671,521</u>	<u>\$ 53,728,836</u>	<u>\$ 35,779,037</u>	<u>\$ 172,203,170</u>	<u>\$ 177,450,558</u>	<u>\$ (5,247,388)</u>	-3.0%

Sales Tax Program activities decreased the overall total fund balance by \$31.3 million. Cash, deposits, and investments from Sales Tax Program activities decreased by \$25.7 million, as compared to the prior year. This is primarily due to higher transportation improvement expenditures and lower sales tax revenues in FY2020/21 as compared to the prior year. Other assets increased by \$2.5 million. This is largely due to the increase in sales tax receivable as compared to FY2019/20, with sales tax receipts being 20% higher in the fourth quarter of FY2020/21 as compared to the fourth quarter of FY2019/20. Current and other liabilities from Sales Tax Program activities increased by \$8.1 million, which is primarily due to a longer than anticipated lag between when program sponsors incurred costs and when the Transportation Authority received a reimbursement request.

The Transportation Authority's Sales Tax Program reported an ending fund balance of \$60 million, a decrease of \$31.3 million as compared to the prior year. The total fund balance is composed of a balance of \$82 thousand nonspendable for prepaid costs and deposits and a balance of \$2.9 million restricted for debt service, with the remaining amounts reported as unassigned fund balance. This decrease in fund balance was primarily due to lower restricted and unassigned fund balances as a result from the continuous spending on bond proceeds.

The Transportation Authority's Special Revenue Funds includes the CMA Program, the TFCA Program, the Prop AA Program, the TIMMA Fund Program, and the TNC Tax Program. Cash, deposits, and investments from Special Revenue Fund activities increased by \$6.1 million, as compared to the prior year. This is primarily due to an increase in deposits and investments with the City Treasurer for the TNC Program with the receipt of payment for FY2019/20 revenue in October 2020 as well as payment receipt for FY2020/21 revenues. Other assets increased by \$11.9 million, which is primarily due to an increase in program receivables for the YBI Project in the CMA Program. The majority of the increase in program receivables is related to the timing of revenue from Caltrans and from TIDA that were not collected as of June 30, 2021. Current and other liabilities from Special Revenue Fund activities increased by \$4.2 million, which is mainly related to an increase of accounts payable in the CMA and the Prop AA Programs. Unavailable revenues increased by \$9.3 million. Most of the increase is due to the YBI Project in the CMA Programs as stated above.

Special Revenue Funds reported an ending fund balance of \$21 million, an increase of \$4.5 million as compared to the prior year. This is mainly due to increased total assets as compared to the prior year explained above. The total fund balance is composed of a balance of \$21 million restricted fund balance for transportation projects under the TFCA Program, the Prop AA Program, and the TNC Tax Program.



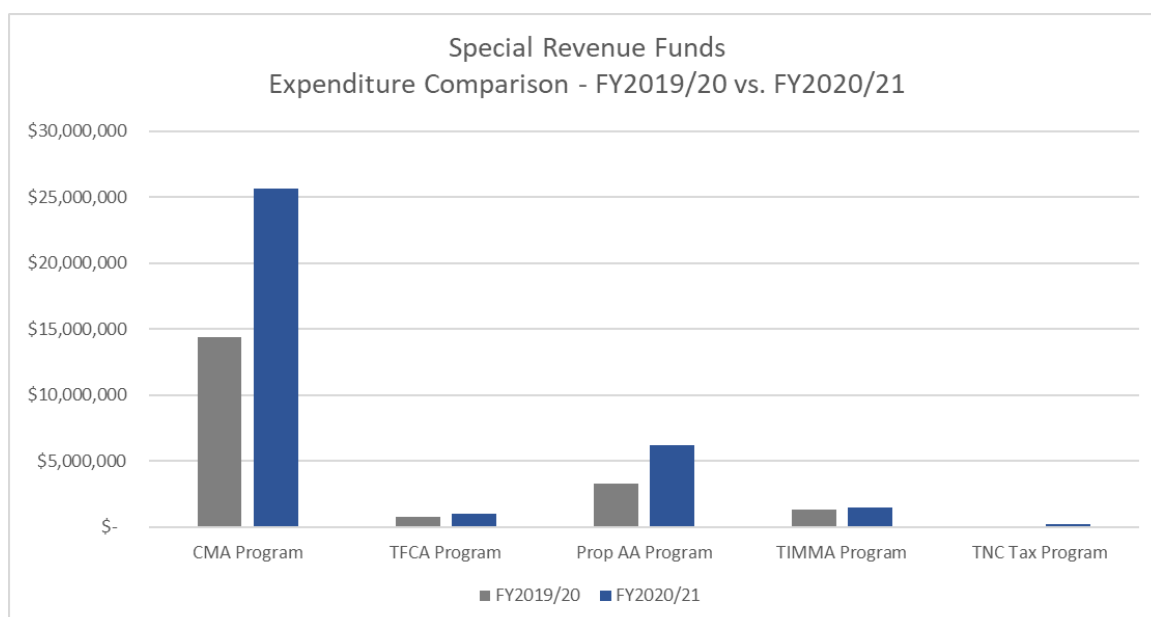
**Table 4.** Condensed Statement of Revenues, Expenditures, and Changes in Fund Balances

	Sales Tax Program		Consolidated other Special Revenue Funds		Total			
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	\$ Change	% Change
Revenues:								
Sales tax	\$ 86,530,445	\$ 99,268,709	\$ -	\$ -	\$ 86,530,445	\$ 99,268,709	\$ (12,738,264)	-12.8%
Vehicle registration fee	-	-	5,513,643	4,016,473	5,513,643	4,016,473	1,497,170	37.3%
Traffic congestion mitigation tax	-	-	5,625,880	-	5,625,880	-	5,625,880	100.0%
Investment income	(124)	2,631,822	20,084	150,811	19,960	2,782,633	(2,762,673)	-99.3%
Program revenues	-	30,000	11,787,462	10,582,361	11,787,462	10,612,361	1,175,101	11.1%
Other	35,328	43,631	-	-	35,328	43,631	(8,303)	-19.0%
Total revenues	86,565,649	101,974,162	22,947,069	14,749,645	109,512,718	116,723,807	(7,211,089)	-6.2%
Expenditures:								
Transportation improvement	80,225,304	81,979,709	34,499,774	19,820,752	114,725,078	101,800,461	12,924,617	12.7%
Debt service	21,681,509	21,772,994	-	-	21,681,509	21,772,994	(91,485)	-0.4%
Total expenditures	101,906,813	103,752,703	34,499,774	19,820,752	136,406,587	123,573,455	12,833,132	10.4%
Excess (deficiency) of revenues over (under) expenditures	(15,341,164)	(1,778,541)	(11,552,705)	(5,071,107)	(26,893,869)	(6,849,648)	(20,044,221)	292.6%
Other financing sources (uses):								
Transfers in	90,447	31,782	16,109,581	5,915,491	16,200,028	5,947,273	10,252,755	172.4%
Transfers out	(16,109,581)	(5,915,491)	(90,447)	(31,782)	(16,200,028)	(5,947,273)	(10,252,755)	172.4%
Total other financing sources (uses)	(16,019,134)	(5,883,709)	16,019,134	5,883,709	-	-	-	0.0%
Net change in fund balances	(31,360,298)	(7,662,250)	4,466,429	812,602	(26,893,869)	(6,849,648)	(20,044,221)	292.6%
Fund balances, beginning of year, as restated	91,332,382	98,919,279	16,523,353	15,710,751	107,855,735	114,630,030	(6,774,295)	-5.9%
Fund balances, end of year	\$ 59,972,084	\$ 91,257,029	\$ 20,989,782	\$ 16,523,353	\$ 80,961,866	\$ 107,780,382	\$ (26,818,516)	-24.9%

For the year ended June 30, 2021, revenues from Sales Tax Program activities totaled \$86.6 million, a decrease of \$15.4 million from FY2019/20 in which \$12.7 million of the decrease is related to sales tax revenues. This is primarily due to the COVID-19 pandemic and its related events as discussed previously. Investment income decreased by \$2.6 million due to the GASB 31 adjustment and a decline in interest rate in the Pool as mentioned above. Program revenues decreased by \$30 thousand, due to the completion of the grant award related to the Kearny Street Multimodal Implementation Plan Traffic Analysis Study in FY2019/20.

Expenditures from Sales Tax Program activities exceeded revenues by \$15.3 million. Expenditures totaled \$101.9 million, a decrease of \$1.8 million from FY2019/20. Transportation improvement expenses decreased by \$1.8 million. Debt services decreased by \$91 thousand. Other financing uses from Sales Tax Program activities decreased by \$10.1 million from FY2019/20, which is mainly due to increase in interfund transfer from the Sales Tax Program to the CMA Program. The majority of this increase is related to the delay of grant reimbursements for the Southgate Road Realignment Improvements project.

Special Revenue Funds reported an increase in vehicle registration fee revenue by \$1.5 million from the prior year, which is mainly due to two months of FY2019/20 revenues, covering February and April, that were collected in October 2020. Traffic mitigation tax revenue also reported an increase of \$5.6 million from the prior year. This is because no revenues were reported at the end of FY2019/20 due to the timing of the distribution of the TNC Tax funds from the City, which administers the collection of funds. Revenues from FY2019/20 were collected in October 2020. Program revenues also increased by \$1.2 million, which is primarily due to increase in federal and regional spending and correspondingly in reimbursements for YBI project activities for the CMA Program, as well as regional revenue contributions from TIDA for FY2019/20 activities but collected in FY2020/21 for the TIMMA Program.



Expenditures from Special Revenue Funds activities increased by \$14.7 million, as compared to the prior year, mainly in the CMA, Prop AA, and TNC Tax Programs. Expenditures in the CMA Programs increased by \$11.2 million, primarily due to the increase in expenditures on the YBI Projects with construction activities underway for the Southgate Road Realignment Improvements project and right-of-way activities underway for the YBI Bridge Structures project. Expenditures in Prop AA Program increased by \$2.9 million, which is primarily due to the San Francisco Public Works Geary Boulevard Pavement Renovation and Haight Street Resurfacing and Pedestrian Lighting projects, which had lower than expected reimbursements in FY2019/20 and more in FY2020/21. Expenditures in the TNC Tax Program increased by \$169 thousand, mainly due to the adoption of the TNC Tax Program Guidelines by the Board in October 2020, followed by the inaugural programming and allocation to the SFMTA's Vision Zero Quick-Build Program.

### **Budgetary Analysis and Highlights and Economic Factors**

In addition, Total Revenues and Transfers In were less than the final budgetary estimates by \$7.4 million, mainly due to lower program revenues than estimated in the final budget. Southgate Road Realignment Improvements project experienced weather and delays associated with Joint Trench and Water Line installations. In addition, due to the complexity of the project, construction has not proceeded as aggressively as anticipated. However, the project is still scheduled for completion by the summer of 2022. Actual expenditures and transfers out were less than budgetary estimates by \$65.1 million. This amount includes a positive favorable variance of \$72.5 million in capital project costs. This lower capital spending is principally from sponsors, funded by the Sales Tax Program, whose major capital project costs were less than anticipated for FY2020/21, due to their practice of billing other sources (e.g., bonds, federal funds) first and to project delays. In addition, transportation improvement expenditures for the Southgate Road Realignment Improvements project in the CMA Programs were less than anticipated for similar reasons as stated above in program revenues. Additional information on the Transportation Authority's budgetary comparison schedules for all programs can be found on pages 61 through 66 of this report.

**Table 5.** Budgetary Comparison Schedule

	<b>Budget Amounts</b>			<b>Positive (Negative) Variance Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues and Transfers In</b>				
Sales tax	\$ 93,349,705	\$ 81,028,216	\$ 86,530,445	\$ 5,502,229
Vehicle registration fee	4,350,644	5,035,345	5,513,643	478,298
Traffic congestion mitigation tax	7,383,949	6,683,182	5,625,880	(1,057,302)
Investment income	775,052	692,060	19,960	(672,100)
Program revenues				
Federal	27,930,948	24,725,310	6,868,989	(17,856,321)
State	2,510,046	2,475,524	125,865	(2,349,659)
Regional and other	6,916,953	5,731,852	4,792,608	(939,244)
Other revenues	45,299	45,240	35,328	(9,912)
Transfers in from other funds	4,841,394	6,730,997	16,200,028	9,469,031
<b>Total Revenues and Transfers In</b>	<b>148,103,990</b>	<b>133,147,726</b>	<b>125,712,746</b>	<b>(7,434,980)</b>
<b>Expenditures and Transfers Out</b>				
Administrative operating costs	11,683,108	11,514,555	9,644,520	1,870,035
Transportation improvement	195,972,411	177,603,846	105,080,558	72,523,288
Debt service				
Principal	13,310,000	13,310,000	13,310,000	-
Interest	8,642,217	8,558,117	8,371,509	186,608
Transfers out to other funds	4,841,394	6,730,997	16,200,028	(9,469,031)
<b>Total Expenditures and Transfers Out</b>	<b>234,449,130</b>	<b>217,717,515</b>	<b>152,606,615</b>	<b>65,110,900</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from debt	100,000,000	50,000,000	-	(50,000,000)
<b>Change in Fund Balances</b>	<b>13,654,860</b>	<b>(34,569,789)</b>	<b>(26,893,869)</b>	<b>7,675,920</b>
<b>Fund Balance - Beginning</b>	<b>107,855,735</b>	<b>107,855,735</b>	<b>107,855,735</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 121,510,595</b>	<b>\$ 73,285,946</b>	<b>\$ 80,961,866</b>	<b>\$ 7,675,920</b>

### Capital Assets

The Transportation Authority's investment in capital assets as of June 30, 2021, amounted to \$1 million (net of accumulated depreciation). This investment in capital assets includes leasehold improvements, furniture, and equipment. Additional information on the Transportation Authority's capital assets can be found in Note 5 on page 44 of this report.

### **Long-Term Obligations**

In November 2017, the Transportation Authority issued Senior Sales Tax Revenue Bonds, Series 2017, with net proceeds of \$270.1 million. The bonds were issued with a par value of \$248.3 million and a \$21.9 million bond premium. The bonds bear interest at rates ranging from 3.0% to 4.0% and have a final maturity date of February 1, 2034. The outstanding debt balance at year ended June 30, 2021 is \$222 million, with \$17 million of remaining unamortized long-term bond premiums.

In June 2018, The Transportation Authority entered into a Revolving Credit Agreement for a total amount of \$140 million, which expired on June 7, 2021 with no outstanding balance. As of the year ended June 30, 2021, the Transportation Authority has no existing Revolving Credit Agreement.

Additional information on the Transportation Authority's Senior Sales Tax Revenue Bonds can be found in Note 7 on page 46 of this report.

### **Requests for Information**

This financial report is designed to provide a general overview of the Transportation Authority's finances for all those with an interest in the agency's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to:

San Francisco County Transportation Authority  
Attention: Deputy Director for Finance and Administration  
1455 Market Street, 22<sup>nd</sup> Floor  
San Francisco, California, 94103



Basic Financial Statements  
June 30, 2021

# San Francisco County Transportation Authority

San Francisco County Transportation Authority  
Statement of Net Position  
June 30, 2021

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**ASSETS**

Cash in bank	\$ 42,082,241
Deposits and investments with City Treasurer	82,896,584
Sales tax receivable	18,231,700
Vehicle registration fee receivable	1,196,630
Interest receivable from City and County of San Francisco	49,163
Program receivables	21,934,816
Receivable from the City and County of San Francisco	3,484,770
Other receivables	271,250
Prepaid costs and deposits	81,580
Noncurrent assets	
Net OPEB asset	334,500
Capital assets, net of accumulated depreciation	<u>1,010,594</u>

<b>Total Assets</b>	<u>171,573,828</u>
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows related to OPEB	118,522
Deferred outflows related to pension	<u>1,076,235</u>

<b>Total Deferred Outflows of Resources</b>	<u>1,194,757</u>
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San Francisco County Transportation Authority  
Statement of Net Position (Continued)  
June 30, 2021

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**LIABILITIES**

Accounts payable	12,728,628
Interest payable	3,177,229
Accounts payable to the City and County of San Francisco	54,807,857
Accrued salaries and taxes	299,796
Noncurrent liabilities	
Compensated absences due in one year	470,025
Compensated absences due in more than one year	469,746
Unearned leasehold incentive and abatement	1,123,662
Revenue bonds due in one year	13,710,000
Revenue bonds due in more than one year	225,330,113
Net pension liability due in more than one year	<u>2,659,364</u>

<b>Total Liabilities</b>	<u>314,776,420</u>
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**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows related to OPEB	579,631
Deferred inflows related to pension	<u>18,968</u>

<b>Total Deferred Inflows of Resources</b>	<u>598,599</u>
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**NET POSITION**

Investment in capital assets	1,010,594
Restricted for transportation improvement	42,420,369
Unrestricted deficit	<u>(186,037,397)</u>

<b>Total Net Deficit</b>	<u><u>\$ (142,606,434)</u></u>
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San Francisco County Transportation Authority  
Statement of Activities  
Year Ended June 30, 2021

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	Total	Transportation Improvement	Interest
<b>EXPENSES</b>	\$ 122,399,604	\$ 115,410,193	\$ 6,989,411
<b>PROGRAM REVENUES</b>			
Operating grants and contributions	21,800,630	21,800,630	-
Net program revenue (expense)	<u>\$ (100,598,974)</u>	<u>\$ (93,609,563)</u>	<u>\$ (6,989,411)</u>
<b>GENERAL REVENUES</b>			
Sales tax	86,530,445		
Vehicle registration fees	4,828,943		
Traffic congestion mitigation tax	5,625,880		
Investment income	19,960		
Other	262,294		
Total general revenues	<u>97,267,522</u>		
<b>CHANGE IN NET POSITION</b>	(3,331,452)		
Net deficit, beginning of year, as restated	<u>(139,274,982)</u>		
<b>Net deficit, end of year</b>	<u><u>\$ (142,606,434)</u></u>		

San Francisco County Transportation Authority  
Balance Sheet - Governmental Funds  
June 30, 2021

	Special Revenue Funds						Total Governmental Funds
	Sales Tax Program	Congestion Management Agency Programs	Transportation Fund for Clean Air Program	Vehicle Registration Fee for Transportation Improvements Program	Treasure Island Mobility Management Agency	Traffic Congestion Mitigation Tax Program	
<b>ASSETS</b>							
Cash in bank	\$ 22,538,776	\$ -	\$ 1,916,672	\$ 17,626,793	\$ -	\$ -	\$ 42,082,241
Deposits and investments with the City Treasurer	77,301,865	-	-	-	-	5,594,719	82,896,584
Sales tax receivable	18,231,700	-	-	-	-	-	18,231,700
Vehicle registration fee receivable	-	-	-	1,196,630	-	-	1,196,630
Interest receivable from the City and County of San Francisco	49,163	-	-	-	-	-	49,163
Program receivables							
Federal	-	15,605,165	-	-	-	-	15,605,165
State	-	1,875,632	-	-	-	-	1,875,632
Regional and other	-	3,961,990	487,850	-	4,179	-	4,454,019
Receivables from the City and County of San Francisco	-	1,225,938	-	-	2,258,832	-	3,484,770
Other receivables	271,250	-	-	-	-	-	271,250
Due from other funds	-	1,974,436	-	-	-	-	1,974,436
Prepaid costs and deposits	81,580	-	-	-	-	-	81,580
<b>Total Assets</b>	<b>\$ 118,474,334</b>	<b>\$ 24,643,161</b>	<b>\$ 2,404,522</b>	<b>\$ 18,823,423</b>	<b>\$ 2,263,011</b>	<b>\$ 5,594,719</b>	<b>\$ 172,203,170</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 7,523,243	\$ 4,798,448	\$ 46,809	\$ 221,427	\$ 138,701	\$ -	\$ 12,728,628
Accounts payable to the City and County of San Francisco	50,368,648	-	671,133	3,617,840	-	150,236	54,807,857
Accrued salaries and taxes	299,796	-	-	-	-	-	299,796
Due to other funds	310,563	-	421,511	149,516	1,026,286	66,560	1,974,436
<b>Total liabilities</b>	<b>58,502,250</b>	<b>4,798,448</b>	<b>1,139,453</b>	<b>3,988,783</b>	<b>1,164,987</b>	<b>216,796</b>	<b>69,810,717</b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenues	-	19,844,713	487,850	-	1,098,024	-	21,430,587
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>19,844,713</b>	<b>487,850</b>	<b>-</b>	<b>1,098,024</b>	<b>-</b>	<b>21,430,587</b>
<b>Fund Balances</b>							
Nonspendable	81,580	-	-	-	-	-	81,580
Restricted	2,864,318	-	777,219	14,834,640	-	5,377,923	23,854,100
Unassigned	57,026,186	-	-	-	-	-	57,026,186
<b>Total Fund Balances</b>	<b>59,972,084</b>	<b>-</b>	<b>777,219</b>	<b>14,834,640</b>	<b>-</b>	<b>5,377,923</b>	<b>80,961,866</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 118,474,334</b>	<b>\$ 24,643,161</b>	<b>\$ 2,404,522</b>	<b>\$ 18,823,423</b>	<b>\$ 2,263,011</b>	<b>\$ 5,594,719</b>	<b>\$ 172,203,170</b>

See Notes to Financial Statements

San Francisco County Transportation Authority  
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2021

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

Total fund balances on the governmental funds balance sheet:	\$ 80,961,866
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:	1,010,594
Long-term receivables are not available to pay for current period expenditures and therefore are deferred in the governmental funds:	21,430,587
Unmatured interest on long-term debt is recognized in the period when it is due in the governmental funds:	(3,177,229)
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Revenue bonds and related premium	(239,040,113)
Unearned leasehold incentive and abatement	(1,123,662)
Accrued compensated absences	(939,771)
Net OPEB asset and related deferrals	(126,609)
Net pension liability and related deferrals	(1,602,097)
<b>Net position of governmental activities</b>	<b><u>\$ (142,606,434)</u></b>

San Francisco County Transportation Authority  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
Year Ended June 30, 2021

	Special Revenue Funds						Total Governmental Funds
	Sales Tax Program	Congestion Management Agency Programs	Transportation Fund for Clean Air Program	Vehicle Registration Fee for Transportation Improvements Program	Treasure Island Mobility Management Agency	Traffic Congestion Mitigation Tax Program	
<b>REVENUES</b>							
Sales tax	\$ 86,530,445	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,530,445
Vehicle registration fee	-	-	-	5,513,643	-	-	5,513,643
Traffic congestion mitigation tax	-	-	-	-	-	5,625,880	5,625,880
Investment income	(124)	-	1,840	1,435	-	16,809	19,960
Program revenues							
Federal	-	6,636,753	-	-	232,236	-	6,868,989
State	-	125,865	-	-	-	-	125,865
Regional and other	-	2,769,280	719,430	-	1,303,898	-	4,792,608
Other revenues	35,328	-	-	-	-	-	35,328
<b>Total Revenues</b>	<b>86,565,649</b>	<b>9,531,898</b>	<b>721,270</b>	<b>5,515,078</b>	<b>1,536,134</b>	<b>5,642,689</b>	<b>109,512,718</b>
<b>EXPENDITURES</b>							
Current - transportation improvement							
Personnel expenditures	2,038,441	4,171,590	46,809	220,544	543,811	66,560	7,087,755
Non-personnel expenditures	2,400,305	90,278	-	882	65,300	-	2,556,765
Capital improvements related to infrastructure	75,750,103	21,379,611	964,757	5,962,820	836,576	150,236	105,044,103
Capital outlay	36,455	-	-	-	-	-	36,455
Debt service							
Principal	13,310,000	-	-	-	-	-	13,310,000
Interest and fiscal charges	8,371,509	-	-	-	-	-	8,371,509
<b>Total Expenditures</b>	<b>101,906,813</b>	<b>25,641,479</b>	<b>1,011,566</b>	<b>6,184,246</b>	<b>1,445,687</b>	<b>216,796</b>	<b>136,406,587</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(15,341,164)</b>	<b>(16,109,581)</b>	<b>(290,296)</b>	<b>(669,168)</b>	<b>90,447</b>	<b>5,425,893</b>	<b>(26,893,869)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	90,447	16,109,581	-	-	-	-	16,200,028
Transfers out	(16,109,581)	-	-	-	(90,447)	-	(16,200,028)
<b>Total Other Financing Sources (Uses)</b>	<b>(16,019,134)</b>	<b>16,109,581</b>	<b>-</b>	<b>-</b>	<b>(90,447)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(31,360,298)</b>	<b>-</b>	<b>(290,296)</b>	<b>(669,168)</b>	<b>-</b>	<b>5,425,893</b>	<b>(26,893,869)</b>
<b>Fund Balances - Beginning, as restated</b>	<b>91,332,382</b>	<b>-</b>	<b>1,067,515</b>	<b>15,503,808</b>	<b>-</b>	<b>(47,970)</b>	<b>107,855,735</b>
<b>Fund Balances - Ending</b>	<b>\$ 59,972,084</b>	<b>\$ -</b>	<b>\$ 777,219</b>	<b>\$ 14,834,640</b>	<b>\$ -</b>	<b>\$ 5,377,923</b>	<b>\$ 80,961,866</b>

San Francisco County Transportation Authority  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
Year Ended June 30, 2021

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

Net change in fund balances on the governmental funds statement of revenues, expenditures, and changes in fund balances:	\$ (26,893,869)
In the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, net position increases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year:	
Capital asset additions	36,455
Depreciation expense	(273,728)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds statements:	
Amortization in leasehold incentive	226,966
Change in deferred inflows related to unavailable revenues	9,328,468
Payment of debt principal is an expenditure in the governmental funds, but reduces the long-term liabilities in the statement of net position and does not affect the statement of activities:	13,310,000
Amortization of bond premiums is recorded on the statement of activities, but does not impact the governmental funds statement of revenues, expenditures, and changes in fund balance:	1,215,723
Interest on long-term debt is recorded as an expenditure in the funds when it is due; however, in the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due:	166,375
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Change in net OPEB asset and related deferrals	33,990
Change in net pension liability and related deferrals	(247,300)
Compensated absences	(234,532)
<b>Change in net position of governmental activities</b>	<b><u>\$ (3,331,452)</u></b>

## **Note 1 - Reporting Entity and Background**

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

The Transportation Authority has its own governing board, consisting of the 11 members of the Board of Supervisors of the City and County of San Francisco (City), acting as the Commissioners of the Transportation Authority Board. Pursuant to Governmental Accounting Standards Board (GASB) standards, the financial statements of the Transportation Authority are included in the City's basic financial statements. Nonetheless, the Transportation Authority is governed by an administrative code separate from that of the City's, and the agency operates as a special-purpose government agency under state law, separate and distinct from the City. The City's Mayor does not have oversight control over the Transportation Authority. The ordinance that created the Transportation Authority empowers it to independently issue debt in order to finance transportation projects in the San Francisco County Transportation Expenditure Plan. The Transportation Authority's borrowing capacity is separate and distinct from that of the City.

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



### ***Sales Tax Program***

On November 4, 2003, San Francisco voters approved Proposition K with a 74.7% affirmative vote, amending the City Business and Tax Code to extend the countywide one-half of one percent sales tax, and to replace the 1989 Proposition B Plan with a new 30-year Expenditure Plan. The new Expenditure Plan includes investments in four major categories: 1) Transit; 2) Streets and Traffic Safety (including street resurfacing and bicycle/pedestrian improvements); 3) Paratransit services for seniors and individuals with disabilities; and 4) Transportation System Management/Strategic Initiatives (including funds for neighborhood parking management, transportation/land use coordination, and travel demand management efforts).

Major capital projects funded by the Proposition K Expenditure Plan include: A) development of the Bus Rapid Transit and Muni Metro Network; B) construction of the Muni Central Subway (Third Street Light Rail Project-Phase 2); C) construction of the Caltrain Downtown Extension to a rebuilt Transbay Terminal; and D) South Approach to the Golden Gate Bridge: Doyle Drive Replacement Project (re-envisioned as the Presidio Parkway). Under Proposition K legislation, the Transportation Authority directs the use of the Sales Tax and may issue up to \$1.88 billion in bonds secured by the Sales Tax.

### ***Congestion Management Agency (CMA) Programs***

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

### ***Transportation Fund for Clean Air (TFCA) Program***

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

### ***Vehicle Registration Fee for Transportation Improvements Program***

On November 2, 2010, San Francisco voters approved Proposition AA with a 59.6% affirmative vote, authorizing the Transportation Authority to collect an additional \$10 annual vehicle registration fee on motor vehicles registered in San Francisco, and to use the proceeds to fund transportation projects identified in the 30-year Expenditure Plan. Revenue collection began in May 2011.

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

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

### ***TIMMA Component Unit***

The Treasure Island Transportation Management Act of 2008 (Assembly Bill 981, Leno) authorizes the creation or designation of a Treasure Island-specific transportation management agency. On April 1, 2014, the City's Board of Supervisors approved a resolution designating the Transportation Authority as TIMMA to implement the Treasure Island Transportation Implementation Plan in support of the Treasure Island/Yerba Buena Island Development Project. In September 2014, Governor Brown signed Assembly Bill 141 (Ammiano), establishing TIMMA as a legal entity, distinct from the Transportation Authority, to help firewall the Transportation Authority's other functions. The 11 members of the Transportation Authority Board act as the Commissioners for TIMMA Board. The Transportation Authority financial statements include TIMMA as a blended special revenue fund component unit.

### ***Traffic Congestion Mitigation Tax***

The Traffic Congestion Mitigation Tax was approved by San Francisco voters in November 5, 2019, through approval of Prop D. The measure, also referred to as the Transportation Network Company (TNC) Tax, is a surcharge on commercial ride-hailing trips that originate in San Francisco, for the portion of the trip within the City. The intent of the TNC Tax program is to deliver improvements to transit reliability and safety on San Francisco's roadways, helping to mitigate the effects of increased congestion due to TNC vehicles. Beginning January 1, 2020, a 1.5% tax is charged on shared rides or rides taken in a zero-emission vehicle, and 3.25% is charged on rides with a single occupant. The measure also takes into account rides provided by autonomous vehicles in the future which would be taxed in this same manner and rides provided by private transit companies, if a company were to enter the market. The tax is in effect until November 2045.

After a 2% set aside for administration by the City, 50% of the revenues are directed to the SFMTA for transit operations and improvements, and 50% to the Transportation Authority for bicycle and pedestrian safety improvements, traffic calming, traffic signals, and maintenance.

## **Note 2 - Summary of Significant Accounting Policies**

### *Basis of Presentation*

**Government-wide Financial Statements** – The statement of net position and statement of activities display information about the Transportation Authority. These statements include the financial activities of the overall government. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities are normally supported by taxes, grants, and other revenues.

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

**Fund Financial Statements** – The fund financial statements provide information about the Transportation Authority's funds. The Transportation Authority reports activities of each of its six funds: Sales Tax Program; Congestion Management Agency Programs; Transportation Fund for Clean Air Program; Vehicle Registration Fee for Transportation Improvements Program; Treasure Island Mobility Management Agency; and Traffic Congestion Mitigation Tax Program as major funds.

The Transportation Authority uses the following funds:

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

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

**Congestion Management Agency Programs** – The Congestion Management Agency Fund accounts for resources accumulated and payments made for developing a congestion management program and construction of major capital improvements. Major sources of revenue are federal, state, and regional grants.

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

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

**Treasure Island Mobility Management Agency** – Assembly Bill 981 (Leno) authorizes the creation or designation of a Treasure Island-specific transportation management agency. On April 1, 2014, the City's Board of Supervisors approved a resolution designating the Transportation Authority as the TIMMA to implement the Treasure Island Transportation Implementation Plan in support of the Treasure Island/Yerba Buena Island Development Project. In September 2014, Governor Brown signed Assembly Bill 141 (Ammiano), establishing TIMMA as a legal entity distinct from the Transportation Authority to help firewall the Transportation Authority's other functions. The major sources of revenue are federal, state, and regional grants.

**Traffic Congestion Mitigation Tax Program** – The Proposition D Traffic Congestion Mitigation Tax was passed by San Francisco voters in November 2019. The measure, also referred to as the Transportation Network Company (TNC) Tax, is a 1.5% tax charged on shared rides or rides taken in a zero-emission vehicle, and 3.25% is charged on rides with a single occupant on commercial ride-hail trips that originate in San Francisco, for the portion of the trip within the City. After a 2% set aside for administration by the City, 50% of the revenues are directed to the SFMTA for transit operations and improvements, and 50% to the Transportation Authority for bicycle and pedestrian safety improvements.

### ***Measurement Focus and Basis of Accounting***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. *Measurement focus* indicates the type of resources being measured, such as current financial resources or economic resources. The *basis of accounting* indicates the timing of transactions or events for recognition in the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earnings and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Sales tax amounts are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible, within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims, and judgments are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Sales taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

### ***Net Position***

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

### ***Investment Valuations***

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

### ***Sales Tax Revenue***

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

Unavailable sales tax revenue on the fund level financial statements represents sales tax receipts in the 60 days subsequent to the Transportation Authority's fiscal year-end, relating to the prior year's sales activity. The Transportation Authority has contracted with the California Department of Tax and Fee Administration (CDTFA) for collection and distribution of the sales tax. The CDTFA receives an administrative fee for providing this service. The Transportation Authority records sales tax revenues net of such fees.

### ***Vehicle Registration Fees and Receivables***

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

Vehicle registration fees receivables represent vehicle registration fee receipts in the 60 days subsequent to the Transportation Authority's fiscal year-end relating to the prior year's registration activity. The Transportation Authority has contracted with the California Department of Motor Vehicles for collection and distribution of the vehicle registration fees. The Department of Motor Vehicles receives an administrative fee for providing this service. The Transportation Authority records vehicle registration fee revenues net of such fees.

### ***Traffic Congestion Mitigation Tax and Receivables***

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

Traffic Congestion Mitigation Tax receivables represent tax revenue receipts in the 60 days subsequent to the Transportation Authority's fiscal year-end relating to the prior year's registration activity. The Transportation Authority has contracted with the City and County of San Francisco (City). The City receives an administrative fee for providing this service. The Transportation Authority records tax revenues net of such fees.

### ***Capital Assets***

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

Ownership of capital improvements, related to infrastructure to which the Transportation Authority provides funding, vests with the City and County of San Francisco. Capital improvements are recorded on the financial statements of the City and County of San Francisco during construction and upon completion.

The estimated useful lives are as follows:

Leasehold improvements	13 years
Furniture	5 years
Computer equipment	3 years

The cost of normal maintenance and repairs that do not add to the value of the asset, nor materially extend its life, is not capitalized. For the government-wide statements, improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

### *Pensions*

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

### *Other Postemployment Benefits (OPEB)*

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Transportation Authority's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

### *Compensated Absences*

The Transportation Authority reports compensated absences for accrued vacation, compensatory time-off, and floating holidays. Transportation Authority employees have a vested interest in accrued compensated absences and the time will eventually either be used or paid by the Transportation Authority. The Transportation Authority's compensated absences in current and prior years are paid from the sales tax fund when due.

Generally, employees earn and use their current compensated absence hours with a small portion being accrued or unused each year. As this occurs, the Transportation Authority incurs an obligation to pay for these unused hours. This liability is recorded in the government-wide statement of net position to reflect the Transportation Authority's obligation to fund such costs from future operations. A liability is recorded in the governmental funds balance sheet when it is due and payable. Sick leave benefits do not vest and no liability is recorded. The changes in the Transportation Authority's compensated absences during the year are as follows:

Balance at July 1, 2020	Additions	Deductions	Balance at June 30, 2021	Current Portion
\$ 705,239	\$ 702,549	\$ (468,017)	\$ 939,771	\$ 470,025



### *Fund Balances/Net Position*

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

**Investment in capital assets** - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Transportation Authority currently does not have any outstanding notes or other borrowings that are attributable to capital assets, as the capital improvements related to infrastructure are recorded on the financial statements of the managing agency.

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

**Unrestricted net position** - all other net position that does not meet the definition of "restricted" or "investment in capital assets."

Governmental funds report fund balance in classifications, based primarily on the extent to which the Transportation Authority is bound, to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2021, fund balances for governmental funds are classified as follows:

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

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

**Unassigned Fund Balance** - is the residual classification for the Sales Tax Program and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. Other governmental funds may only report a negative unassigned balance that was created after classification in one of the other two fund balance categories.

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

### *Use of Estimates*

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

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following are changes in accounting principles and new accounting pronouncements upcoming in future years:

### *Change in Accounting Principles*

**GASB Statement No. 84** – In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The new standard is effective for periods beginning after December 15, 2019. The provisions of this Statement have been implemented as of June 30, 2021.

**GASB Statement No. 90** – In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. GASB Statement No. 90 establishes standards for reporting a government's majority equity interest in a legally separate organization. The new standard is effective for periods beginning after December 15, 2019. The provisions of this Statement have been implemented as of June 30, 2021.

**GASB Statement No. 97** – In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. GASB Statement No. 97 clarifies the criteria used in determining whether a fiduciary component unit exists and clarifies financial reporting for Internal Revenue Code section 457 deferred compensation plans. The new standard is effective for periods beginning after June 15, 2021. The Transportation Authority has elected early implementation for the year ended June 30, 2021. The early implementation of this statement did not have a significant impact on the Transportation Authority for the year ended June 30, 2021.

**GASB Statement No. 98** – In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. GASB Statement No. 98 establishes the term annual comprehensive financial report and its acronym in generally accepted accounting principles for states and local governments. The new standard is effective for periods beginning after December 15, 2021. The provisions of this Statement have been implemented as of June 30, 2021.

### *New Accounting Pronouncements*

**GASB Statement No. 87** – In June 2017, the GASB issued Statement No. 87, *Leases*. GASB Statement No. 87 establishes a single model for lease accounting and requires reporting of certain lease assets, liabilities, and deferred inflows that currently are not reported. The new standard is effective for periods beginning after June 15, 2021. Application of this statement is effective for the Transportation Authority's year ending June 30, 2022.

**GASB Statement No. 89** – In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. GASB Statement No. 89 requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred and no longer included in the historical cost of capital assets. The new standard is effective for periods beginning after December 15, 2020. Application of this statement is effective for the Transportation Authority's year ending June 30, 2022.

**GASB Statement No. 91** – In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. GASB Statement No. 91 clarifies the definition of conduit debt and establishes new recognition, measurement, and disclosure requirements. The new standard is effective for periods beginning after December 15, 2021. Application of this statement is effective for the Transportation Authority's year ending June 30, 2023.

**GASB Statement No. 92** – In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. GASB Statement No. 92 addresses a variety of topics related to postemployment benefits and other issues. The new standard is effective for periods beginning after June 15, 2021. Application of this statement is effective for the Transportation Authority's year ending June 30, 2022.

**GASB Statement No. 93** – In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. GASB Statement No. 93 addresses the accounting and financial reporting effects of replacement of interbank offering rates with other reference rates in agreements which reference an interbank offering rate. The new standard is effective for periods beginning after June 15, 2021. Application of this statement is effective for the Transportation Authority's year ending June 30, 2022.

**GASB Statement No. 94** – In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. GASB Statement No. 94 establishes standards for public-private and public-public partnerships (PPPs) and availability payment arrangements. A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An availability payment arrangement is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The new standard requires reporting of related assets and deferred inflows that currently are not reported and is effective for periods beginning after June 15, 2022. Application of this statement is effective for the Transportation Authority's year ending June 30, 2023.

**GASB Statement No. 96** - In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 96 defines such arrangements as contracts that convey control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The standard clarifies measurement and recognition of capitalizable costs, intangible assets, and subscription liabilities for such arrangements and also requires additional disclosures related to such arrangements. The new standard is effective for periods beginning after June 15, 2022. Application of this statement is effective for the Transportation Authority's year ending June 30, 2023.

The Transportation Authority is evaluating the effect of these pronouncements on its financial statements.

### **Note 3 - Cash and Investments**

#### ***Custodial Credit Risk***

**Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the Transportation Authority's deposits may not be returned to it. The Transportation Authority does not have a policy for custodial credit risk on deposits. As of June 30, 2021, the carrying amount of the Transportation Authority's deposits was \$42,082,241 and the bank balance was \$43,087,321. The difference between the bank balance and the carrying amount represents outstanding checks and deposits. Of the bank balance, \$750,000 was covered by federal depository insurance and \$42,337,321 was collateralized by the pledging financial institutions as required by *Section 53652* of the California Government Code.

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

**Investments** - For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Transportation Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Transportation Authority does not have a policy regarding custodial credit risk on investments. As of June 30, 2021, the Transportation Authority's investments are not exposed to custodial credit risk. The notes to the basic financial statements of the City provide more detailed information concerning deposit and investment risks associated with the City's pool of cash and investments at year ended June 30, 2021.

***Investments Authorized by the Transportation Authority's Investment Policy***

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Notes, Bonds, or Bills	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
Federal Agency or U.S. Government Sponsored Enterprise Obligations	5 Years	None	None
Repurchase Agreements	1 Year	None	None
State of California Obligations or any Local Agency within the State	5 Years	None	None
Notes or Bonds of other U.S. States	5 Years	None	None
Bankers' Acceptances	180 Days	40%	30%
Commercial Paper	270 Days	25%	10%
Medium-Term Notes	5 Years	30%	None
FDIC Insured and Fully Collateralized Certificates of Deposit**	1 Year	10%	None
Negotiable Certificates of Deposits	5 Years	30%	None
State of California Local Agency Investment Fund (LAIF)	N/A	None	\$65M
California Asset Management Program	N/A	None	None
Insured Savings and Money Market Accounts	N/A	None	None
City and County of San Francisco Treasury Pool	5 Years	None	None
Shares of Beneficial Interest (Money Market Funds)	N/A	20%	10%

\*\* More restrictive than California Government Code.

The Transportation Authority maintains deposits and investments with the City and County of San Francisco Treasury Pool (Pool). The Pool is not registered with the U.S. Securities and Exchange and, therefore, is unrated. As of June 30, 2021, the Transportation Authority's deposits and investments in the Pool are approximately \$82.9 million, and the total amount invested by all public agencies in the Pool is approximately \$12.7 billion. The City's Treasurer Oversight Committee has oversight responsibility for the Pool. The value of the Transportation Authority's shares in the Pool, which may be withdrawn, is based on the book value of the Transportation Authority's percentage participation, which is different than the fair value of the Transportation Authority's percentage participation in the Pool.

The Transportation Authority's investments on June 30, 2021, consisted of pooled cash with the City and County of San Francisco, having a weighted average maturity of 1.12 years. At June 30, 2021, the Pool consists of U.S. government and agency securities, money market funds, negotiable certificates of deposit, supranational financial instruments, and public time deposits as authorized by state statutes and the City's investment policy. Additional information regarding deposit and investment risks (such as interest rate, credit, and concentration of credit risks) may be obtained by contacting the City's Controller's Office at: Controller's Office, City Hall, Room 316, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102; Phone: (415) 554-7500; Fax: (415) 554-7466.

#### Note 4 - Interfund Transactions

*Due to/Due from:* The composition of interfund balances as of June 30, 2021, is as follows:

	Receivable from:					Total
	Sales Tax Program	Transportation Fund for Clean Air Program	Vehicle Registration Fee for Transportation Improvements Program	Treasure Island Mobility Management Agency	Traffic Congestion Mitigation Tax Program	
Payable to:						
Congestion Management Agency Programs	\$ 310,563	\$ 421,511	\$ 149,516	\$ 1,026,286	\$ 66,560	\$ 1,974,436
Total	<u>\$ 310,563</u>	<u>\$ 421,511</u>	<u>\$ 149,516</u>	<u>\$ 1,026,286</u>	<u>\$ 66,560</u>	<u>\$ 1,974,436</u>

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

*Transfers:* During the fiscal year, the CMA Programs received a transfer of \$16,109,581 from Sales Tax Program for paying the capital expenditure incurred during the fiscal year and the TIMMA Fund paid \$90,447 to the Sales Tax Program Fund for the costs incurred by TIMMA but paid by the Transportation Authority on behalf of TIMMA.

## Note 5 - Capital Assets

The capital assets activity for the year ended June 30, 2021, is as follows:

	Balance July 1, 2020	Additions	Retirement	Balance June 30, 2021
Capital assets, being depreciated:				
Leasehold improvements	\$ 3,023,624	\$ -	\$ -	\$ 3,023,624
Furniture and equipment	899,864	36,455	(27,500)	908,819
Total capital assets, being depreciated	3,923,488	36,455	(27,500)	3,932,443
Less accumulated depreciation for:				
Leasehold improvements	1,859,125	232,900	-	2,092,025
Furniture and equipment	816,496	40,828	(27,500)	829,824
Total accumulated depreciation	2,675,621	273,728	(27,500)	2,921,849
Total capital assets, net	\$ 1,247,867	\$ (237,273)	\$ -	\$ 1,010,594

Depreciation expense for the current year amounted to \$273,728 and was allocated to the transportation improvement expense on the statement of activities.

## Note 6 - Related Party Transactions with the City and County of San Francisco

Receivables from the City and County of San Francisco consist of the following at June 30, 2021:

Receivables from the following City Department/Agency	Purpose	Total
Department of Public Works	Octavia Improvements Study	\$ 25,686
Municipal Transportation Agency	Implementing Advanced Transportation Congestion and Mitigation Technologies Deployment Initiatives on Treasure Island	66,719
	SF-CHAMP Travel Demand Forecasting Model	57,103
	San Francisco School Access Plan	971
Planning Department	Housing Element Update	70,261
Treasure Island	Treasure Island Transportation Implementation Plan	2,192,113
Development Authority	Yerba Buena Island Ramps Improvement Project	1,071,917
Total receivables from the City and County of San Francisco		<u>\$ 3,484,770</u>

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Payables to the City and County of San Francisco consist of the following at June 30, 2021:

Payables to the following City Department / Agency	Purpose	Total
Department of Environment	Clean Air Programs	\$ 51,709
Department of Public Works	Street Resurfacing	9,557,683
Municipal Transportation Agency	Advanced Technology and Information Systems (SFgo)	\$ 1,471,083
	Bicycle Circulation/Safety	741,123
	Clean Air Programs	651,269
	Extension of Streetcar Service (Fisherman's Wharf to Fort Mason)	587
	Guideways	2,247,613
	New Signals and Signs	119,031
	Other Transit Enhancements	24,155
	Paratransit Services	1,591,509
	Pedestrian and Bicycle Facility Maintenance	167,434
	Pedestrian Circulation/Safety	520,898
	Pedestrian Safety	135,717
	Purchase/Rehab of Historic Streetcars for New/Expanded Service	136,199
	Rapid Bus Network including Real Time Transit Information	6,515,243
	Rehabilitation, Upgrade and Replacement of Existing Facilities	3,032,240
	Signals and Signs	2,831,817
	Traffic Calming	5,801,965
	Transit Reliability and Mobility Improvements	1,776,925
	Transit Vehicle Replacement and Renovation	16,767,661
	Transportation Demand Management/Parking Management	133,328
	Transportation/Land Use Coordination	78,088
	Upgrades to Major Arterials (including 19th Avenue)	216,786
	Vision-Zero Quick-Build Program	150,236
	Total Municipal Transportation Agency	45,110,907
Planning Department	Transportation/Land Use Coordination	87,558
Total payable to the City and County of San Francisco		<u>\$ 54,807,857</u>

The Transportation Authority reimbursed the City and County of San Francisco for the following transportation and capital program costs made on its behalf during the year ended June 30, 2021:

Expenditures incurred by the following City Department/Agency	Total
Department of Environment	\$ 193,589
Department of Public Works	14,494,056
Municipal Transportation Agency	63,117,766
Planning Department	14,712
Port of San Francisco	300,000
	<u>\$ 78,120,123</u>

During FY2020/21, the Transportation Authority incurred capital expenditures of \$78.1 million, which were paid to departments within the City, of which \$63.1 million was expended on SFMTA projects. SFMTA projects include \$48.2 million on Transit Vehicle Replacement and Renovation, Paratransit, Rapid Bus Network, Guideways, Rehabilitation, Upgrade and Replacement of Existing Facilities Projects, and \$14.9 million on various Signals and Signs, Pedestrian, and Corridor Improvement projects.



## Note 7 - Long Term Debt

The changes in the Transportation Authority's long-term debt during the year consist of the following items:

	Balance at July 1, 2020	Additions	Deductions	Balance at June 30, 2021	Current Portion
Revenue bonds	\$ 235,330,000	\$ -	\$ (13,310,000)	\$ 222,020,000	\$ 13,710,000
Bond premium	18,235,836	-	(1,215,723)	17,020,113	-
Total	<u>\$ 253,565,836</u>	<u>\$ -</u>	<u>\$ (14,525,723)</u>	<u>\$ 239,040,113</u>	<u>\$ 13,710,000</u>

### *Revenue Bonds and Revolving Credit Agreement*

On November 2, 2017, the Transportation Authority issued \$248,250,000 Senior Sales Tax Revenue Bonds, Series 2017, with total proceeds of \$270,133,005 and \$21,883,005 of bond premiums to (i) finance a portion of the costs of and costs incidental to or connected with the construction, acquisition, and improvement of certain transit, street, and traffic facilities and other transportation projects, including, without limitation to, engineering, inspection, legal, fiscal agents, financial consultant and other fees, and working capital, all as described in the Expenditure Plan adopted pursuant to the Act; (ii) repay a portion of the outstanding amount of a revolving credit agreement and a promissory note evidencing the Transportation Authority's payment obligation thereunder; (iii) pay capitalized interest on a portion of the Series 2017 Bonds; and (iv) pay costs of issuance of the Series 2017 Bonds. The bonds pay interest ranging from 3.0% to 4.0% and mature February 1, 2034. The outstanding bond principal at June 30, 2021, is \$222,020,000 with \$17,020,113 of remaining unamortized bond premiums.

The Transportation Authority's outstanding Series 2017 Bonds are repaid and secured by a pledge of Prop K half-cent sales tax and other legally available revenues of the Transportation Authority. Based on total sales tax revenue of \$86,530,445 for the year ended June 30, 2021 and total debt service payments of \$21,334,650 on the Series 2017 Bonds the Transportation Authority's senior debt service coverage ratio was 405.59% or 4.06x.

The Series 2017 Bonds are rated AAA by Fitch Ratings and AA+ S&P Global Ratings, reflecting the strength of the Prop K half-cent sales tax security and repayment source. Events of default for the bonds include nonpayment events, bankruptcy events, and noncompliance with covenants. The Series 2017 Bonds are not subject to acceleration.

Debt Service Requirements to maturity for the Transportation Authority's Series 2017 Bonds are as follows:

Fiscal Year	Principal	Interest	Annual Debt Service
2022	\$ 13,710,000	\$ 7,625,350	\$ 21,335,350
2023	14,125,000	7,214,050	21,339,050
2024	14,545,000	6,790,300	21,335,300
2025	15,125,000	6,208,500	21,333,500
2026	15,735,000	5,603,500	21,338,500
2027-2031	88,430,000	18,243,350	106,673,350
2032-2034	60,350,000	3,656,700	64,006,700
Total	<u>\$ 222,020,000</u>	<u>\$ 55,341,750</u>	<u>\$ 277,361,750</u>

In June 2018, the Transportation Authority entered into a Revolving Credit Agreement (RCA) with State Street Public Lending Corporation and US Bank National Association for a total commitment amount of \$140,000,000 with a rate of interest equal to the sum of 80% of 1-month LIBOR plus a fixed credit spread (subject to adjustment if the Transportation Authority's credit rating changes). In FY2020/21, the Transportation Authority did not have any outstanding balances and did not make any interest payments under the Revolving Credit Facility. The Transportation Authority did pay commitment fees under the Revolving Credit Agreement equal to 0.24% of the commitment amount. As of June 30, 2021, the Transportation Authority paid \$318,267 in commitment fees to the banks. The Revolving Credit Agreement expired on June 7, 2021.

The Revolving Credit Agreement was secured by a lien on the Transportation Authority's sales tax revenues subordinate to the lien on the Prop K half-cent sales tax revenues securing the Transportation Authority's Series 2017 Bonds.

Events of Default under the Revolving Credit Agreement include nonpayment events, noncompliance with covenants, default on other specified debt, bankruptcy events, specified litigation events, or a ratings downgrade below Baa2 by Fitch, BBB by Moody's, or BBB by S&P. Remedies include acceleration (subject in some, but not all, circumstances to a 270-day notice period) and the termination of the right of the Transportation Authority to borrow under the Revolving Credit Agreement.

Additional information on the Transportation Authority's new Revolving Credit Agreement after fiscal year end can be found in Note 15 on page 60 of this report.

## Note 8 - Pension Plans

### General Information about the Pension Plan

#### *Plan Description*

All qualified permanent employees are eligible to participate in the Transportation Authority's Employee Pension Plan, a cost-sharing multiple employer defined benefit pension plan administered by CalPERS. Benefit provisions under the Plan are established by state statute and Transportation Authority resolution. CalPERS acts as a common investment and administrative agent for its participating member employers. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information which can be found on the CalPERS website.

#### *Benefits Provided*

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

The Plan provisions and benefits in effect on June 30, 2021, are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit vesting formula	2% at 55	2% at 62
Minimum years of services	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Earliest retirement age	50	52
Annual vesting, as a percent of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.75%
Required employer contribution rates	11.031%	7.732%
Required employer prepayment for unfunded liability	\$146,807	\$14,221

### *Contributions*

*Section 20814(c)* of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1, following notice of a change in the rate. Funding contributions for Plans are determined annually on an actuarial basis, as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Transportation Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2021, the employer contributions were \$606,199.

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

As of June 30, 2021, the Transportation Authority's reported net pension liability for its proportionate share of the collective net pension liability is \$2,659,364. The Transportation Authority's net pension liability is measured as the proportionate share of the collective Plan's net pension liability. The net pension liability is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. With a measurement date of June 30, 2020, the amounts are rolled forward to June 30, 2021, using standard update procedures. The Transportation Authority's proportion of the net pension liability was based on the Transportation Authority's share of contributions to the pension plan, relative to the projected contributions of all participating employers, actuarially determined. The Transportation Authority's proportionate share of the net pension liability as of June 30, 2020, and 2021 was as follows:

Proportion - June 30, 2020	0.02295%
Proportion - June 30, 2021	0.02444%
Change	<u>0.00149%</u>

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For the year ended June 30, 2021, the Transportation Authority recognized pension expense of \$853,499.

On June 30, 2021, the Transportation Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 606,199	\$ -
Contributions in excess of proportionate share	41,672	-
Changes in assumptions	-	(18,968)
Difference in expected and actual experience	137,045	-
Adjustment due to differences in proportions	212,318	-
Net differences between projected and actual earnings on plan investments	79,001	-
Total	<u>\$ 1,076,235</u>	<u>\$ (18,968)</u>

Reported as deferred outflows of resources related to contributions subsequent to the measurement date is \$606,199, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 164,610
2023	154,032
2024	94,536
2025	37,890
	<u>\$ 451,068</u>

### ***Actuarial Assumptions***

The total pension liability in the year ended June 30, 2019, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by Entry-Age and Service
Investment Rate of Return	7.15%
Mortality (2)	(1)

- (1) Derived using CalPERS' Membership Data for all Funds.
- (2) The mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

### ***Discount Rate***

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15% is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations, as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation:

Asset Class	Current Target Allocation	(1) Real Return Years 1 - 10	(2) Real Return Years 11+
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	<u>100.0%</u>		

(1) An expected inflation of 2.00% used for this period.

(2) An expected inflation of 2.92% used for this period.

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

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

	1% Decrease	Current Discount Rate	1% Increase
	6.15%	7.15%	8.15%
Net Pension Liability	\$ 4,561,850	\$ 2,659,364	\$ 1,087,399

***Pension Plan Fiduciary Net Position***

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

**Note 9 - Postemployment Healthcare Benefits**

***Plan Description***

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

The Transportation Authority is a contracting agency under the Public Employees' Medical and Hospital Care Act, which is administered by CalPERS for the provision of healthcare insurance programs for both active and retired employees. The Transportation Authority participates in the California Employers' Retiree Benefit Trust Fund Program (CERBT), an agent-multiple employer postemployment health plan, to prefund other postemployment benefits through CalPERS. CalPERS and CERBT issue publicly available financial reports that can be found on the CalPERS website.

As of June 30, 2020, actuarial valuation, the following current and former employees were covered by the benefit terms under the healthcare plan:

Active plan members	39
Inactive employees or beneficiaries currently receiving benefit payments	6
Inactive employees entitled to but not yet receiving benefit payments	1
Total	<u><u>46</u></u>

***Contributions***

The contribution requirements of plan members and the Transportation Authority are established and may be amended by the Board. The Transportation Authority makes contributions on an actuarial basis, funding the full Actuarially Determined Contributions (ADC). Employees of the Transportation Authority are not required to contribute to the plan. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.



### *Significant Assumptions*

The Transportation Authority's net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial methods and assumptions:

<b>Actuarial Assumption</b>	<b>June 30, 2020 Measurement Date</b>
Valuation Date	June 30, 2019
Contribution Policy	Level percent of pay method over 20 years
Discount Rate	7.59%
General Inflation	2.75% per annum
Salary Increases	2.75% per annum, in aggregate
Investment Rate of Return	7.59%
Mortality, Turnover, Disability, and Retirement	CalPERS Experience Study for the period from 1997 to 2015
Healthcare Cost Trend Rate	Initial 6.5% for non-medicare eligibles, 11% for spouse of medicare eligibles, and 4.5% medicare eligibles, all grading down to 4%

### *Discount Rate*

The discount rate used to measure the total OPEB liability was 7.59%. The projection of cash flows used to determine the discount rate assumed that Transportation Authority contributions would be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability or asset.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	59.00%	4.82%
Fixed Income	25.00%	1.47%
Treasury Inflation Protection Securities	5.00%	1.29%
Real Estate Investment Trusts	8.00%	0.84%
Commodities	3.00%	3.76%
<b>Total</b>	<u>100.00%</u>	

***Changes in the OPEB Liability (Asset)***

The changes in the net OPEB liability (Asset) are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability Asset
Balance at July 1, 2020	\$ 1,477,900	\$ 1,890,000	\$ (412,100)
Changes for the year:			
Service Cost	91,900	-	91,900
Interest	113,200	-	113,200
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(700)	-	(700)
Changes of assumptions	-	-	-
Contributions:			
Trust deposits	-	-	-
Employer - explicit subsidy	-	40,900	(40,900)
Employer - implicit subsidy	-	19,900	(19,900)
Benefit payments	(60,800)	(60,800)	-
Administrative expenses	-	(940)	940
Expected Investment Return	-	143,415	(143,415)
Investment Experience (Loss)/Gain	-	(76,475)	76,475
Net changes	143,600	66,000	77,600
Balance at June 30, 2021	<u>\$ 1,621,500</u>	<u>\$ 1,956,000</u>	<u>\$ (334,500)</u>

***Sensitivity of the Net OPEB Asset to Changes in the Discount Rate and to Changes in the Healthcare Cost Trend Rates***

The following presents the net OPEB liability (asset) of the Transportation Authority as of the measurement date, calculated using the discount rate of 7.59%, as well as what the Transportation Authority's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease 6.59%	Current Discount Rate 7.59%	1% Increase 8.59%
Net OPEB Asset \$	(83,700)	(334,500)	(538,400)

The following presents the net OPEB liability (asset) of the Transportation Authority, as well as what the Transportation Authority's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one percentage lower or one percentage higher than the current healthcare cost trend rates:

	1% Decrease 5.5% Non-Medicare, 10% Spouse and 3.5% Medicare grading to 3%	Current Healthcare Trend Cost Rate 6.5% Non-Medicare, 11% Spouse and 4.5% Medicare grading to 4%	1% Increase 7.5% Non-Medicare, 12% Spouse and 5.5% Medicare grading to 5%
Net OPEB Asset \$	(569,800)	(334,500)	(33,500)

***OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB***

For the fiscal year ended June 30, 2021, the Transportation Authority recognized OPEB credit of \$21,210. As of the fiscal year ended June 30, 2021, the Transportation Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 55,200	\$ -
Changes in assumptions	-	(54,688)
Difference between expected and actual experience	-	(524,943)
Net differences between projected and actual earnings on plan investments	63,322	-
Total	<u>\$ 118,522</u>	<u>\$ (579,631)</u>

Reported as deferred outflows of resources related to contributions subsequent to the measurement date is \$55,200, which will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense are as follows:

Fiscal Year Ended June 30:	Deferred Inflows of Resources
2022	\$ (32,016)
2023	(24,421)
2024	(22,988)
2025	(27,189)
2026	(42,484)
Thereafter	(367,211)
Total	<u>\$ (516,309)</u>

## Note 10 - Operating Leases

The Transportation Authority leases its office space under an operating lease agreement. In December 2011, the Transportation Authority executed a 13-year workspace lease for its office, located at 1455 Market Street, with a 5-year extension option. The term of the lease commenced on July 1, 2012, and expires on June 30, 2025. Under the lease agreement, the landlord granted the Transportation Authority a rent abatement, totaling \$522,112 for the period July 1, 2012, through November 30, 2012, and from July 1, 2013, through October 31, 2013, and provided a leasehold allowance credit in the amount of \$1,763,180. During the year ended June 30, 2021, the Transportation Authority expended \$883,104 towards its office lease and recorded an office lease expense of \$792,642 and an amortization expense of \$90,462 on the statement of activities.

The following is a schedule of future minimum lease obligations as of June 30, 2021:

Year Ending June 30,	Office Lease
2022	\$ 907,578
2023	932,052
2024	956,526
2025	897,378
Total future minimum lease obligations	<u>\$ 3,693,534</u>

## **Note 11 - Administrative Expense Limitations**

In accordance with California Public Utilities Code, *Section 131107*, not more than one percent of the Transportation Authority's annual net amount of revenues, raised by the sales tax, may be used to fund the salaries and benefits of the staff of the Transportation Authority in administering the Proposition K Expenditure Plan. For the year ended June 30, 2021, revenues, staff salaries, and fringe benefits for administering the Proposition K Expenditure Plan for the Sales Tax Program were as follows:

Revenues	\$ 86,530,445
Expenditures:	
Salaries	392,666
Fringe benefits	16,396
Total	<u>\$ 409,062</u>
Percentage of revenue	0.47%

Personnel expenditures of \$2,038,441 were reported in the Sales Tax Program, of which \$409,062 was related to general administration of the Proposition K Expenditure Plan, and \$1,629,379 was related to planning and programming, which includes monitoring and oversight of Proposition K funded projects.

## **Note 12 - Risk Management**

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

## **Note 13 - Commitments and Contingencies**

### *Commitments*

The Transportation Authority's outstanding commitments totaled \$513,719,420 at June 30, 2021. This amount is comprised of \$475,661,682 remaining capital project appropriations. Sponsors receive appropriations for the entire project (awards) but cannot be reimbursed faster than the amount allocated annually. At June 30, 2021, the Transportation Authority has encumbered \$16,976,693 in the Sales Tax Program, \$20,018,047 in the Congestion Management Agency Programs, and \$1,062,998 in the Treasure Island Mobility Management Agency Program, respectively, on various Transportation Authority contracts held with private consulting and construction companies and cooperative agreements with governmental entities.

## **Note 14 - Change in Accounting Principles**

The beginning fund balance of the Sales Tax Program Fund and beginning net position were restated to conform with GASB Statement No. 84, *Fiduciary Activities*, to account for amounts previously reported in a fiduciary fund for Owner Controller Insurance Program (OCIP) cash balance.

The following is a summary of the effect of the restatement as of July 1, 2020:

### **Sales Tax Program Fund**

Fund balance previously reported, July 1, 2020	\$ 91,257,029
Restatement due to change in accounting principles	<u>75,353</u>
Restated balance, July 1, 2020	<u><u>\$ 91,332,382</u></u>

### **Net position**

Net position previously reported, July 1, 2020	\$(139,350,335)
Restatement due to change in accounting principles	<u>75,353</u>
Restated balance, July 1, 2020	<u><u>\$(139,274,982)</u></u>

**Note 15 - Subsequent Events**

On October 7, 2021, the Transportation Authority entered into a new Revolving Credit Agreement (RCA) with U.S. Bank National Association (U.S. Bank) for \$125 million. Amount borrowed under the RCA assumes a rate of interest equal to the sum of Securities Industry and Financial Markets Association (SIFMA) Index plus a fixed credit spread (subject to adjustment if the Transportation Authority's credit rating changes) and unborrowed amounts under the RCA are subject to a commitment fee of 0.20%. The Transportation Authority's new RCA expires on October 4, 2024. The RCA is secured by a lien on the Transportation Authority's sales tax revenues subordinate to the lien on the sales tax revenues securing the Transportation Authority's Series 2017 Bonds. The Transportation Authority will use the RCA to fund the capital projects and programs included in the Prop K Expenditure Plan.



Required Supplementary Information  
June 30, 2021

# San Francisco County Transportation Authority



San Francisco County Transportation Authority  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -  
Sales Tax Program  
Year Ended June 30, 2021

	<b>Budget Amounts</b>			<b>Positive (Negative) Variance Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues and Transfers In</b>				
Sales tax	\$ 93,349,705	\$81,028,216	\$86,530,445	\$ 5,502,229
Investment income	681,431	665,240	(124)	(665,364)
Other revenues	45,299	45,240	35,328	(9,912)
Transfers in from other funds	-	-	90,447	90,447
<b>Total Revenues and Transfers In</b>	<b>94,076,435</b>	<b>81,738,696</b>	<b>86,656,096</b>	<b>4,917,400</b>
<b>Expenditures and Transfers Out</b>				
Administrative operating costs	6,443,614	6,290,016	4,438,746	1,851,270
Transportation improvement	151,972,187	137,752,438	75,786,558	61,965,880
Debt service				
Principal	13,310,000	13,310,000	13,310,000	-
Interest and fiscal charges	8,642,217	8,558,117	8,371,509	186,608
Transfers out to other funds	4,841,394	6,730,997	16,109,581	(9,378,584)
<b>Total Expenditures and Transfers Out</b>	<b>185,209,412</b>	<b>172,641,568</b>	<b>118,016,394</b>	<b>54,625,174</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from debt	100,000,000	50,000,000	-	(50,000,000)
<b>Change in Fund Balance</b>	<b>8,867,023</b>	<b>(40,902,872)</b>	<b>(31,360,298)</b>	<b>9,542,574</b>
<b>Fund Balance - Beginning, as restated</b>	<b>91,332,382</b>	<b>91,332,382</b>	<b>91,332,382</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 100,199,405</b>	<b>\$50,429,510</b>	<b>\$59,972,084</b>	<b>\$ 9,542,574</b>

San Francisco County Transportation Authority  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -  
Congestion Management Agency Programs  
Year Ended June 30, 2021

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Positive (Negative) Variance Final to Actual</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues and Transfers In</b>				
Program revenues				
Federal	\$ 26,941,322	\$ 23,991,889	\$ 6,636,753	\$ (17,355,136)
State	2,510,046	2,475,524	125,865	(2,349,659)
Regional and other	4,557,836	3,372,735	2,769,280	(603,455)
Other revenues	-	-	-	-
Transfers in from other funds	4,833,959	6,730,997	16,109,581	9,378,584
<b>Total Revenues and Transfers In</b>	<b>38,843,163</b>	<b>36,571,145</b>	<b>25,641,479</b>	<b>(10,929,666)</b>
<b>Expenditures and Transfers Out</b>				
Administrative operating costs	4,310,580	4,292,342	4,261,868	30,474
Transportation improvement	34,532,583	32,278,803	21,379,611	10,899,192
<b>Total Expenditures and Transfers Out</b>	<b>38,843,163</b>	<b>36,571,145</b>	<b>25,641,479</b>	<b>10,929,666</b>
<b>Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance - Beginning</b>	-	-	-	-
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

San Francisco County Transportation Authority  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -  
Transportation Fund for Clean Air Program  
Year Ended June 30, 2021

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	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Positive (Negative) Variance Final to Actual</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues and Transfers In</b>				
Investment income	\$ 2,737	\$ 1,862	\$ 1,840	\$ (22)
Program revenues				
Regional and other	859,117	859,117	719,430	(139,687)
<b>Total Revenues and Transfers In</b>	<u>861,854</u>	<u>860,979</u>	<u>721,270</u>	<u>(139,709)</u>
<b>Expenditures and Transfers Out</b>				
Administrative operating costs	47,155	47,034	46,809	225
Transportation improvement	1,328,144	878,256	964,757	(86,501)
<b>Total Expenditures and Transfers Out</b>	<u>1,375,299</u>	<u>925,290</u>	<u>1,011,566</u>	<u>(86,276)</u>
<b>Change in Fund Balance</b>	(513,445)	(64,311)	(290,296)	(225,985)
<b>Fund Balance - Beginning</b>	<u>1,067,515</u>	<u>1,067,515</u>	<u>1,067,515</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 554,070</u>	<u>\$ 1,003,204</u>	<u>\$ 777,219</u>	<u>\$ (225,985)</u>

San Francisco County Transportation Authority  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -  
Vehicle Registration Fee for Transportation Improvements Program  
Year Ended June 30, 2021

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	<b>Budget Amounts</b>			<b>Positive (Negative) Variance Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues and Transfers In</b>				
Vehicle registration fee	\$ 4,350,644	\$ 5,035,345	\$ 5,513,643	\$ 478,298
Investment income	1,700	1,814	1,435	(379)
<b>Total Revenues and Transfers In</b>	<b>4,352,344</b>	<b>5,037,159</b>	<b>5,515,078</b>	<b>477,919</b>
<b>Expenditures and Transfers Out</b>				
Administrative operating costs	217,533	216,589	221,426	(4,837)
Transportation improvement	4,834,049	4,834,049	5,962,820	(1,128,771)
<b>Total Expenditures and Transfers Out</b>	<b>5,051,582</b>	<b>5,050,638</b>	<b>6,184,246</b>	<b>(1,133,608)</b>
<b>Change in Fund Balance</b>	<b>(699,238)</b>	<b>(13,479)</b>	<b>(669,168)</b>	<b>(655,689)</b>
<b>Fund Balance - Beginning</b>	<b>15,503,808</b>	<b>15,503,808</b>	<b>15,503,808</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 14,804,570</b>	<b>\$ 15,490,329</b>	<b>\$ 14,834,640</b>	<b>\$ (655,689)</b>

San Francisco County Transportation Authority  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Treasure  
Island Mobility Management Agency  
Year Ended June 30, 2021

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	<b>Budgeted Amounts</b>			<b>Positive (Negative) Variance Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues and Transfers In</b>				
Program revenues				
Federal	\$ 989,626	\$ 733,421	\$ 232,236	\$ (501,185)
Regional and other	1,500,000	1,500,000	1,303,898	(196,102)
Transfers in from other funds	7,435	-	-	-
<b>Total Revenues and Transfers In</b>	<b>2,497,061</b>	<b>2,233,421</b>	<b>1,536,134</b>	<b>(697,287)</b>
<b>Expenditures and Transfers Out</b>				
Administrative operating costs	568,413	573,121	609,111	(35,990)
Transportation improvement	1,928,648	1,660,300	836,576	823,724
Transfers out to other funds	-	-	90,447	(90,447)
<b>Total Expenditures and Transfers Out</b>	<b>2,497,061</b>	<b>2,233,421</b>	<b>1,536,134</b>	<b>697,287</b>
<b>Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance - Beginning</b>	-	-	-	-
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

San Francisco County Transportation Authority  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -  
Traffic Congestion Mitigation Tax Program  
Year Ended June 30, 2021

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	<b>Budgeted Amounts</b>			<b>Positive (Negative) Variance Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues and Transfers In</b>				
Investment income	\$ 89,184	\$ 23,144	\$ 16,809	\$ (6,335)
Traffic congestion mitigation tax	7,383,949	6,683,182	5,625,880	(1,057,302)
<b>Total Revenues and Transfers In</b>	<b>7,473,133</b>	<b>6,706,326</b>	<b>5,642,689</b>	<b>(1,063,637)</b>
<b>Expenditures and Transfers Out</b>				
Administrative operating costs	95,813	95,453	66,560	28,893
Transportation improvement	1,376,800	200,000	150,236	49,764
<b>Total Expenditures and Transfers Out</b>	<b>1,472,613</b>	<b>295,453</b>	<b>216,796</b>	<b>78,657</b>
<b>Change in Fund Balance</b>	<b>6,000,520</b>	<b>6,410,873</b>	<b>5,425,893</b>	<b>(984,980)</b>
<b>Fund Balance - Beginning</b>	<b>(47,970)</b>	<b>(47,970)</b>	<b>(47,970)</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 5,952,550</b>	<b>\$ 6,362,903</b>	<b>\$ 5,377,923</b>	<b>\$ (984,980)</b>

San Francisco County Transportation Authority  
Schedule of Changes in the Net Other Postemployment Benefit Liability and Related Ratios  
Year Ended June 30, 2021 Last Ten Years\*

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Changes in total OPEB liability				
Service cost	\$ 91,900	\$ 117,500	\$ 122,500	\$ 122,500
Interest	113,200	143,000	129,500	116,600
Difference between expected and actual experience	(700)	(596,100)	-	-
Change in assumptions	-	(62,700)	-	-
Benefit payments, including refunds of employee contributions	(60,800)	(59,800)	(58,400)	(64,300)
Changes of benefit terms	-	-	(5,400)	-
Net changes	143,600	(458,100)	188,200	174,800
Total OPEB liability, beginning	1,477,900	1,936,000	1,747,800	1,573,000
Total OPEB liability, ending	1,621,500	1,477,900	1,936,000	1,747,800
Changes in plan fiduciary net position				
Employer contributions	60,800	137,878	143,348	165,487
Benefit payments, including refunds of employee contributions	(60,800)	(59,800)	(58,400)	(64,300)
Administrative expenses	(940)	(840)	(782)	(652)
Expected investment return	143,415	127,059	112,475	95,999
Investment experience (loss)/gain	(76,475)	(20,997)	7,159	37,966
Net changes	66,000	183,300	203,800	234,500
Plan fiduciary net position, beginning	1,890,000	1,706,700	1,502,900	1,268,400
Plan fiduciary net position, ending	1,956,000	1,890,000	1,706,700	1,502,900
Net OPEB liability (asset)	\$ (334,500)	\$ (412,100)	\$ 229,300	\$ 244,900
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	120.63%	127.88%	88.16%	85.99%
Covered payroll	4,355,100	4,038,800	4,045,342	3,945,800
Net OPEB Liability (asset) as a percentage of covered payroll	-7.68%	-10.20%	5.67%	6.21%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

\*Ten-year historical information is available only for measurement periods for which the OPEB standards were applicable.

San Francisco County Transportation Authority  
Schedule of Other Postemployment Benefits Contributions  
Year Ended June 30, 2021 Last Ten Years\*

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Actuarially Determined Contribution (ADC)	\$ 51,400	\$ 137,900	\$ 137,900	\$ 143,300	\$ 165,487
Contributions in relation to the actuarially determined contribution	(60,800)	(137,878)	(137,900)	(143,300)	(165,487)
Contribution deficiency/(excess)	<u>\$ (9,400)</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	4,419,700	4,355,100	4,038,800	4,045,342	3,945,800
Contributions as a percentage of covered payroll	1.4%	3.2%	3.4%	3.5%	4.2%

\*Ten-year historical information is available only for measurement periods for which the OPEB standards were applicable.



San Francisco County Transportation Authority  
Schedule of the Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2021 Last Ten Years\*

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Proportion of the net pension liability	0.02444%	0.02295%	0.02147%	0.02160%	0.02040%	0.01877%	0.04834%
Proportionate share of the net pension liability	\$ 2,659,364	\$ 2,351,809	\$ 2,068,676	\$ 2,141,912	\$ 1,765,415	\$ 1,288,393	\$ 1,299,087
Covered payroll	\$ 4,423,143	\$ 4,395,775	\$ 4,038,787	\$ 4,202,141	\$ 3,643,778	\$ 3,684,025	\$ 3,263,808
Proportionate share of the net pension liability as a percentage of covered payroll	60.12%	53.50%	51.22%	50.97%	48.45%	34.97%	39.80%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

\*Ten-year historical information is available only for measurement periods for which the pension standards were applicable.

San Francisco County Transportation Authority  
Schedule of Pension Contributions  
Year Ended June 30, 2021 Last Ten Years\*

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially Determined Contribution (ADC)	\$ 606,199	\$ 539,103	\$ 478,668	\$ 403,317	\$ 293,492	\$ 280,199	\$ 399,937	\$ 365,402
Contributions in relation to the actuarially determined contribution	(606,199)	(539,103)	(478,668)	(403,317)	(293,492)	(280,199)	(399,937)	(365,402)
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,826,091	\$ 4,423,143	\$ 4,395,775	\$ 4,038,787	\$ 4,202,141	\$ 3,643,778	\$ 3,684,025	\$ 3,263,808
Contributions as a percentage of covered payroll	12.56%	12.19%	10.89%	9.99%	6.98%	7.69%	10.86%	11.20%

\*Ten-year historical information is available only for measurement periods for which the pension standards were applicable.

## **Note 1 - Budgets and Budgetary Data**

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

### **Excess of Expenditures over Appropriations**

Expenditures exceeded budgeted appropriations in the following funds:

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
Major Fund			
Transportation Fund for			
Clean Air Program	\$ 925,290	\$ 1,011,566	\$ (86,276)
Vehicle Registration Fee for			
Transportation Improvements			
Program	5,050,638	6,184,246	(1,133,608)

## **Note 2 - Net Pension, Net OPEB Liability, and Contributions to Pension and OPEB Plans**

The Transportation Authority's pension liabilities are administered by CalPERS cost sharing plans. The Transportation Authority's pension liabilities are calculated based on the Transportation Authority's proportionate share of the overall pension liabilities and related deferrals. The schedule of the proportionate share of the pension liability and the schedule of pension contributions, show a ten-year trend information, where available, about these amounts and they are changing from year to year.

The discount rate was changed from 7.5% to 7.65% in FY2015/16 and to 7.15% in FY2017/18.

The Transportation Authority's OPEB liability is administered as an agent-multiple employer plan, which is also administered by CalPERS. The schedule of changes in Net OPEB liability and the schedule of OPEB contributions show a ten-year trend information, where available, about these amounts and they are changing from year to year.

The discount rate was changed from 7.28% to 7.59% in FY2019/20.



Supplementary Information  
June 30, 2021

# San Francisco County Transportation Authority

San Francisco County Transportation Authority  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

<b>Program Description</b>	<b>Assistance Listing Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Expenditures July 1, 2020 through June 30, 2021</b>	<b>Amount Provided to Subrecipients</b>
<b>U.S. Department of Transportation</b>				
<b>Federal Highway Administration:</b>				
Highway Research and Development Program				
<i>Passed through - San Francisco</i>				
Municipal Transportation Agency				
Advanced Transportation Congestion and Mitigation Technologies				
Deployment Initiatives on Treasure Island	20.200	693JJ31850002	\$ 207,025	\$ -
Total Highway Research and Development Program			<u>207,025</u>	<u>-</u>
Highway Planning and Construction Cluster				
<i>Passed through - Metropolitan Transportation Commission</i>				
Surface Transportation Program:				
Transportation Planning and Programming	20.205	STPL-6084(206)	888,747	73,747
<i>Passed through - State of California</i>				
Department of Transportation				
Yerba Buena Island - Reconstruct Existing Westbound On and Off Ramps on East Side of Yerba Buena Island	20.205	BRLS-6272(023)	(4,198)	-
Yerba Buena Island Ramps Southgate Road	20.205	BRLS-6272(047)	13,032,737	-
Yerba Buena Island Westside Bridges	20.205	STPLZ-6272(046)	2,045,706	-
Total Highway Planning and Construction Cluster			<u>15,962,992</u>	<u>73,747</u>
Total Federal Highway Administration			<u>16,170,017</u>	<u>73,747</u>
Total U.S. Department of Transportation			<u>16,170,017</u>	<u>73,747</u>
Total Expenditures of Federal Awards			<u>\$ 16,170,017</u>	<u>\$ 73,747</u>

San Francisco County Transportation Authority  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Agency-  
Wide  
Year Ended June 30, 2021

	Agency-wide			
	Budget Amounts		Actual	Positive (Negative) Variance Final to Actual
	Original	Final		
<b>Revenues and Transfers In</b>				
Sales tax	\$ 93,349,705	\$ 81,028,216	\$ 86,530,445	\$ 5,502,229
Vehicle registration fee	4,350,644	5,035,345	5,513,643	478,298
Traffic congestion mitigation tax	7,383,949	6,683,182	5,625,880	(1,057,302)
Investment income	775,052	692,060	19,960	(672,100)
Program revenues				
Federal	27,930,948	24,725,310	6,868,989	(17,856,321)
State	2,510,046	2,475,524	125,865	(2,349,659)
Regional and other	6,916,953	5,731,852	4,792,608	(939,244)
Other revenues	45,299	45,240	35,328	(9,912)
Transfers in from other funds	4,841,394	6,730,997	16,200,028	9,469,031
<b>Total Revenues and Transfers In</b>	<u>148,103,990</u>	<u>133,147,726</u>	<u>125,712,746</u>	<u>(7,434,980)</u>
<b>Expenditures and Transfers Out</b>				
Administrative operating costs	11,683,108	11,514,555	9,644,520	1,870,035
Transportation improvement	195,972,411	177,603,846	105,080,558	72,523,288
Debt service				
Principal	13,310,000	13,310,000	13,310,000	-
Interest and fiscal charges	8,642,217	8,558,117	8,371,509	186,608
Transfers out to other funds	4,841,394	6,730,997	16,200,028	(9,469,031)
<b>Total Expenditures and Transfers Out</b>	<u>234,449,130</u>	<u>217,717,515</u>	<u>152,606,615</u>	<u>65,110,900</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from debt	100,000,000	50,000,000	-	(50,000,000)
<b>Change in Fund Balance</b>	13,654,860	(34,569,789)	(26,893,869)	7,675,920
<b>Fund Balance - Beginning, as restated</b>	<u>107,855,735</u>	<u>107,855,735</u>	<u>107,855,735</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 121,510,595</u>	<u>\$ 73,285,946</u>	<u>\$ 80,961,866</u>	<u>\$ 7,675,920</u>

## **Note 1 - Schedule of Expenditures of Federal Awards**

### **Basis of Presentation and Significant Accounting Policies**

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the Transportation Authority, a component unit of the City and County of San Francisco, California, under programs of the federal government for the year ended June 30, 2021. Funds received under the various grant programs have been recorded in the CMA programs and TIMMA special revenues funds of the Transportation Authority. Because the Schedule presents only a selected portion of the operations of the Transportation Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Transportation Authority.

The Transportation Authority utilizes the modified accrual basis of accounting for governmental funds, except for subrecipient expenditures, which are recorded on the cash basis. Negative amounts represent adjustments to items reported as expenditures in prior years. Subrecipient expenditures are reported on the cash basis. Negative amounts represent adjustments to items reported as expenditures in the prior year's SEFA. The SEFA has been prepared accordingly. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

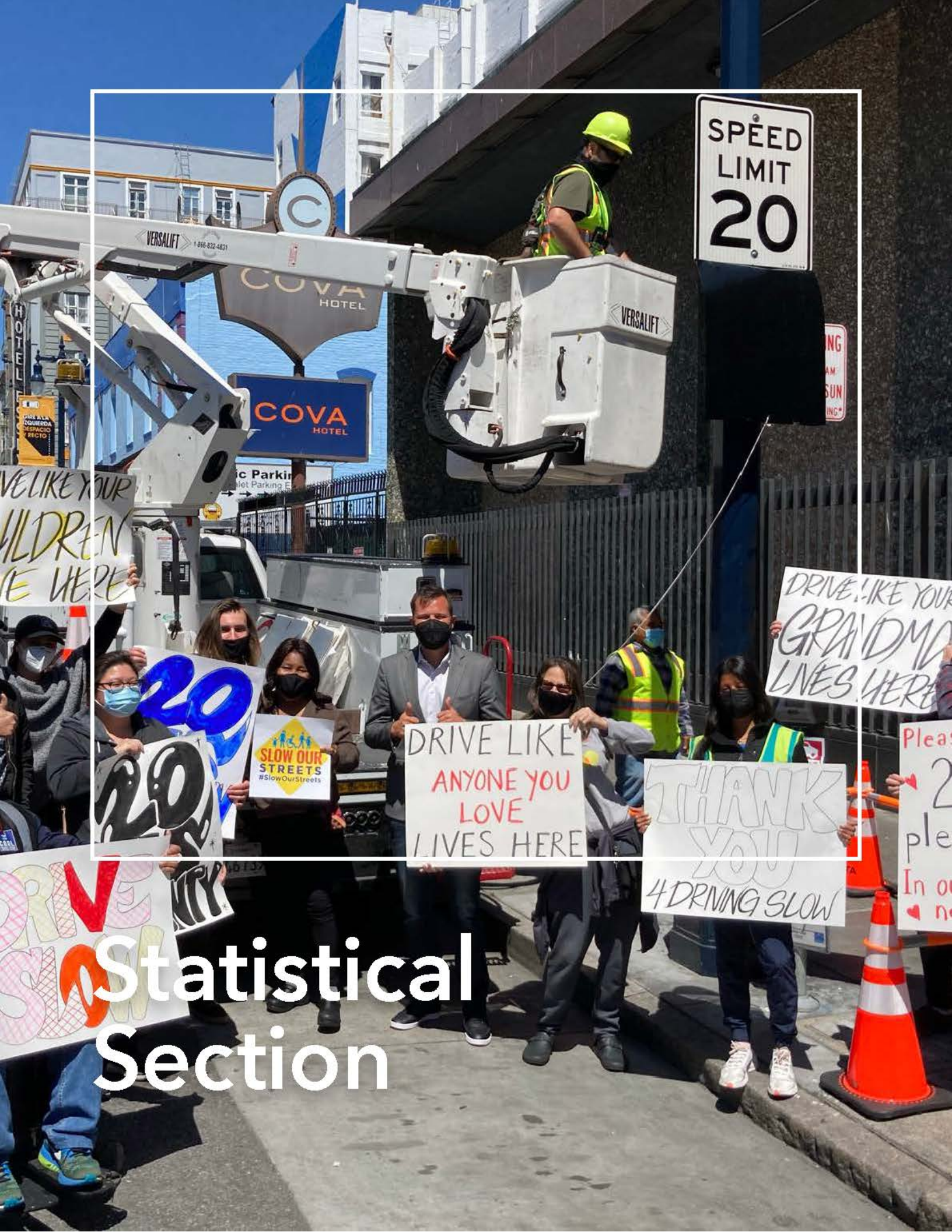
### **Indirect Cost Rate**

The Transportation Authority does not draw for indirect administrative expenses and has not elected to use the 10% de minimus cost rate.

## **Note 2 - Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - Agency-Wide**

Comparisons with financial results for the current fiscal period for agency-wide funds are presented as supplementary information and include, in addition to actual expenditures, amounts that have been appropriated for projects and programs. Unexpended capital budget appropriations are carried forward to subsequent years. The budget represents a process through which policy decisions are made, implemented, and controlled. Budgets are adopted on a basis consistent with generally accepted accounting principles.





# Statistical Section



# STATISTICAL SECTION

This part of the Transportation Authority's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the overall financial health.

## Financial Trends

These schedules contain trend information to help the reader understand how the Transportation Authority's financial performance and well-being have changed over time.

## Revenue Capacity

These schedules contain information to help the reader assess the Transportation Authority's most significant local revenue source, the sales tax.

## Debt Capacity

These schedules present information to help the reader assess the affordability of the Transportation Authority's current level of outstanding debt and the Transportation Authority's ability to issue additional debt in the future.

## Demographic and Economic Information

These schedules present information to help the reader understand the environment within which the Transportation Authority's financial activities take place.

## Operating Information

These schedules contain service data to help the reader understand how the information in the government's financial report relates to the services the Transportation Authority provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules was derived from the Transportation Authority's relevant Basic Financial Statements.

San Francisco County Transportation Authority  
Financial Trends - Net Position by Component  
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities:										
Investment in capital assets	\$ 1,010,594	\$ 1,247,867	\$ 1,449,408	\$ 1,713,049	\$ 1,923,785	\$ 2,224,413	\$ 2,518,580	\$ 2,804,523	\$ 3,007,890	\$ 3,149,433
Restricted										
Debt service	-	-	4,431,964	12,645,404	-	-	-	342,674	300,214	311,431
Capital projects	42,420,369	28,673,442	21,553,559	17,499,296	16,189,389	15,656,533	13,486,451	12,153,268	10,623,833	6,393,430
Unrestricted deficit	(186,037,397)	(169,271,644)	(180,165,759)	(173,430,826)	(120,140,255)	(80,561,178)	(37,049,305)	(51,234,240)	(75,081,998)	(53,659,568)
<b>Total Governmental Activities Net Position (Deficit)</b>	<u><u>\$(142,606,434)</u></u>	<u><u>\$(139,350,335)</u></u>	<u><u>\$(152,730,828)</u></u>	<u><u>\$(141,573,077)</u></u>	<u><u>\$(102,027,081)</u></u>	<u><u>\$(62,680,232)</u></u>	<u><u>\$(21,044,274)</u></u>	<u><u>\$(35,933,775)</u></u>	<u><u>\$(61,150,061)</u></u>	<u><u>\$(43,805,274)</u></u>

San Francisco County Transportation Authority  
Financial Trends - Changes in Net Position  
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
EXPENSES	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities:										
Transportation improvement	\$ 115,410,193	\$ 102,329,345	\$ 137,196,233	\$ 148,566,289	\$ 160,954,620	\$ 246,207,732	\$ 130,290,251	\$ 90,771,643	\$ 119,740,927	\$ 158,484,831
Interest	6,989,411	7,475,771	7,686,374	7,933,535	1,098,535	794,172	1,468,189	1,354,423	1,483,229	2,685,265
<b>Total Expenses</b>	<b>122,399,604</b>	<b>109,805,116</b>	<b>144,882,607</b>	<b>156,499,824</b>	<b>162,053,155</b>	<b>247,001,904</b>	<b>131,758,440</b>	<b>92,126,066</b>	<b>121,224,156</b>	<b>161,170,096</b>
<b>REVENUES</b>										
Program revenues:										
Operating grants and contributions	21,800,630	16,186,972	10,020,517	9,330,091	15,255,413	97,263,152	42,080,284	17,587,975	12,703,163	42,020,095
<b>Total Revenues</b>	<b>21,800,630</b>	<b>16,186,972</b>	<b>10,020,517</b>	<b>9,330,091</b>	<b>15,255,413</b>	<b>97,263,152</b>	<b>42,080,284</b>	<b>17,587,975</b>	<b>12,703,163</b>	<b>42,020,095</b>
Net (Expense) / Revenue	(100,598,974)	(93,618,144)	(134,862,090)	(147,169,733)	(146,797,742)	(149,738,752)	(89,678,156)	(74,538,091)	(108,520,993)	(119,150,001)
<b>GENERAL REVENUES</b>										
Governmental activities:										
Sales tax	86,530,445	99,268,709	115,670,918	100,969,925	101,922,012	102,136,600	100,278,511	93,930,566	85,753,558	81,164,517
Vehicle registration fees	4,828,943	4,701,173	4,945,470	4,907,713	4,550,482	5,362,050	4,862,063	4,881,668	4,724,408	4,861,548
Traffic congestion mitigation tax	5,625,880	-	-	-	-	-	-	-	-	-
Investment income	19,960	2,782,633	2,844,187	1,703,664	773,032	383,456	462,845	637,677	20,730	1,823,823
Other	262,294	246,122	243,764	181,548	205,367	220,688	315,222	304,466	677,510	725,381
<b>Total General Revenues</b>	<b>97,267,522</b>	<b>106,998,637</b>	<b>123,704,339</b>	<b>107,762,850</b>	<b>107,450,893</b>	<b>108,102,794</b>	<b>105,918,641</b>	<b>99,754,377</b>	<b>91,176,206</b>	<b>88,575,269</b>
<b>Governmental Activities Change in Net Position (Deficit)</b>	<b>\$ (3,331,452)</b>	<b>\$ 13,380,493</b>	<b>\$ (11,157,751)</b>	<b>\$ (39,406,883)</b>	<b>\$ (39,346,849)</b>	<b>\$ (41,635,958)</b>	<b>\$ 16,240,485</b>	<b>\$ 25,216,286</b>	<b>\$ (17,344,787)</b>	<b>\$ (30,574,732)</b>

San Francisco County Transportation Authority  
Financial Trends - Fund Balances - Governmental Funds  
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Sales Tax Program										
Nonspendable	\$ 81,580	\$ 81,580	\$ 139,716	\$ 81,580	\$ 81,580	\$ 81,580	\$ 136,760	\$ 249,102	\$ 81,580	\$ 912,451
Restricted	2,864,318	2,693,783	7,937,068	16,150,508	-	32,929,667	99,455,392	342,674	300,214	311,431
Unassigned	57,026,186	88,481,666	90,842,495	123,503,753	18,923,409	-	-	(56,765,333)	(78,892,781)	(84,181,113)
<b>Total Sales Tax Program</b>	<u>59,972,084</u>	<u>91,257,029</u>	<u>98,919,279</u>	<u>139,735,841</u>	<u>19,004,989</u>	<u>33,011,247</u>	<u>99,592,152</u>	<u>(56,173,557)</u>	<u>(78,510,987)</u>	<u>(82,957,231)</u>
All Other Governmental Funds										
Restricted	20,989,782	16,571,323	15,710,751	12,635,071	9,526,011	7,371,688	8,418,895	11,782,031	10,623,833	6,393,430
Unassigned	-	(47,970)	-	-	-	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<u>\$ 20,989,782</u>	<u>\$ 16,523,353</u>	<u>\$ 15,710,751</u>	<u>\$ 12,635,071</u>	<u>\$ 9,526,011</u>	<u>\$ 7,371,688</u>	<u>\$ 8,418,895</u>	<u>\$ 11,782,031</u>	<u>\$ 10,623,833</u>	<u>\$ 6,393,430</u>

San Francisco County Transportation Authority  
Financial Trends - Changes in Fund Balances - Governmental Funds  
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>REVENUES</b>										
Sales tax	\$ 86,530,445	\$ 99,268,709	\$ 115,670,918	\$ 103,263,191	\$ 102,237,230	\$ 99,528,116	\$ 100,278,511	\$ 93,930,566	\$ 85,753,558	\$ 81,164,517
Vehicle registration fee	5,513,643	4,016,473	4,945,470	4,907,713	4,550,482	5,362,050	4,862,063	4,881,668	4,724,408	4,861,548
Traffic congestion mitigation tax	5,625,880	-	-	-	-	-	-	-	-	-
Investment income	19,960	2,782,633	2,844,187	1,703,664	773,032	383,456	462,845	637,677	20,730	1,823,823
Program revenues	11,787,462	10,612,361	9,047,343	12,466,490	17,402,180	94,091,288	43,576,403	15,469,707	36,535,228	30,020,895
Project funds and other revenues	35,328	43,631	53,328	45,919	69,738	85,059	179,593	168,837	541,881	725,381
Leasehold incentives	-	-	-	-	-	-	-	-	1,763,180	-
<b>Total Revenues</b>	<b>109,512,718</b>	<b>116,723,807</b>	<b>132,561,246</b>	<b>122,386,977</b>	<b>125,032,662</b>	<b>199,449,969</b>	<b>149,359,415</b>	<b>115,088,455</b>	<b>129,338,985</b>	<b>118,596,164</b>
<b>EXPENDITURES</b>										
Current - transportation improvement										
Personnel expenditures	7,087,755	6,613,922	6,247,903	5,917,828	5,483,832	5,321,186	5,687,882	5,211,708	5,106,574	4,920,019
Non-personnel expenditures	2,556,765	2,671,878	2,603,262	2,626,464	2,384,250	2,175,819	2,308,971	1,984,933	1,838,738	1,647,628
Capital project costs	105,044,103	92,419,890	127,851,363	139,400,940	152,869,532	238,735,052	122,103,000	82,846,542	112,066,150	148,669,765
Capital outlay	36,455	94,771	33,338	90,684	48,448	51,852	52,965	195,221	167,647	3,118,043
Debt service										
Principal	13,310,000	12,920,000	24,664,165	115,000,000	21,000,000	20,000,000	-	-	-	-
Interest and fiscal charges	8,371,509	8,852,994	8,902,097	5,644,154	1,098,535	794,172	1,468,189	1,354,423	1,483,229	2,685,265
<b>Total Expenditures</b>	<b>136,406,587</b>	<b>123,573,455</b>	<b>170,302,128</b>	<b>268,680,070</b>	<b>182,884,597</b>	<b>267,078,081</b>	<b>131,621,007</b>	<b>91,592,827</b>	<b>120,662,338</b>	<b>161,040,720</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(26,893,869)</b>	<b>(6,849,648)</b>	<b>(37,740,882)</b>	<b>(146,293,093)</b>	<b>(57,851,935)</b>	<b>(67,628,112)</b>	<b>17,738,408</b>	<b>23,495,628</b>	<b>8,676,647</b>	<b>(42,444,556)</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	16,200,028	5,947,273	1,918,798	1,236,864	804,813	5,494,966	1,299,593	8,849,095	2,741,417	3,094,318
Transfers out	(16,200,028)	(5,947,273)	(1,918,798)	(1,236,864)	(804,813)	(5,494,966)	(1,299,593)	(8,849,095)	(2,741,417)	(3,094,318)
Proceeds from long term obligations	-	-	-	270,133,005	46,000,000	-	134,664,165	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>270,133,005</b>	<b>46,000,000</b>	<b>-</b>	<b>134,664,165</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(26,893,869)</b>	<b>(6,849,648)</b>	<b>(37,740,882)</b>	<b>123,839,912</b>	<b>(11,851,935)</b>	<b>(67,628,112)</b>	<b>152,402,573</b>	<b>23,495,628</b>	<b>8,676,647</b>	<b>(42,444,556)</b>
<b>Fund Balances - Beginning</b>	<b>107,780,382</b>	<b>114,630,030</b>	<b>152,370,912</b>	<b>28,531,000</b>	<b>40,382,935</b>	<b>108,011,047</b>	<b>(44,391,526)</b>	<b>(67,887,154)</b>	<b>(76,563,801)</b>	<b>(34,119,245)</b>
Cumulative Change in accounting principle	75,353	-	-	-	-	-	-	-	-	-
<b>Fund Balances - Ending</b>	<b>\$ 80,961,866</b>	<b>\$ 107,780,382</b>	<b>\$ 114,630,030</b>	<b>\$ 152,370,912</b>	<b>\$ 28,531,000</b>	<b>\$ 40,382,935</b>	<b>\$ 108,011,047</b>	<b>\$ (44,391,526)</b>	<b>\$ (67,887,154)</b>	<b>\$ (76,563,801)</b>
Debt Service as a Percentage of Noncapital Expenditures	15.90%	17.63%	19.71%	44.92%	12.09%	7.79%	1.12%	1.48%	1.23%	1.70%

San Francisco County Transportation Authority  
Revenue Capacity – Sales Tax Rates  
Last Ten Fiscal Years

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<b>Fiscal Year Ended June 30:</b>	<b>Sales Tax Rate</b>	<b>Sales Tax Revenue (in thousands)</b>	<b>Annual Growth</b>	<b>Total Taxable Sales in San Francisco County (in thousands)</b>
2021	0.5%	\$ 86,530	-12.83%	\$ 17,306,089 *
2020	0.5%	99,269	-14.18%	17,894,572
2019	0.5%	115,671	14.56%	20,762,507
2018	0.5%	100,970	-0.93%	19,824,321
2017	0.5%	101,922	-0.21%	19,334,503
2016	0.5%	102,137	1.85%	19,378,945
2015	0.5%	100,279	6.76%	18,661,884
2014	0.5%	93,931	9.54%	17,878,929
2013	0.5%	85,754	5.65%	16,400,034
2012	0.5%	81,165	10.28%	15,542,183

\* Amount was estimated based on the sales tax collected.

Source: California Department of Tax and Fee Administration.

San Francisco County Transportation Authority  
Revenue Capacity - Principal Sales Tax Payers By Segment for the County  
Last Ten Fiscal Years (in thousands)

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Building Material, Garden Equipment & Supplies Dealer	\$ 678,394	\$ 688,526	\$ 660,316	\$ 586,018	\$ 590,523	\$ 567,502	\$ 514,998	\$ 498,134	\$ 438,152	\$ 383,916
Clothing and Clothing Accessories Stores	1,592,984	2,004,367	2,081,039	2,099,019	2,129,867	2,200,024	2,096,465	1,979,096	1,791,408	1,579,271
Food and Beverage Stores	822,192	859,081	862,682	851,556	845,680	805,017	758,809	718,909	677,070	628,015
Food Services and Drinking Places	3,756,963	4,958,157	4,806,903	4,680,694	4,573,912	4,293,647	3,937,397	3,579,986	3,291,907	2,958,953
Gasoline Stations	440,577	563,607	548,415	445,369	442,063	520,987	652,121	662,270	640,620	586,364
General Merchandise Stores	657,382	767,933	812,795	822,175	857,385	864,504	891,592	852,932	777,872	734,974
Home Furnishings Stores and Appliance Stores	874,722	1,058,102	970,745	917,409	989,560	982,826	929,378	847,462	775,343	699,344
Motor Vehicle and Parts Dealers	565,616	678,081	613,264	613,651	552,476	575,056	581,188	524,700	469,375	438,541
Other Retail Group	2,666,115	2,582,246	2,469,161	2,292,527	2,171,479	2,131,146	1,927,610	1,710,783	1,513,423	1,419,865
Total Retail and Food Services	12,054,945	14,160,100	13,825,320	13,308,418	13,152,945	12,940,709	12,289,558	11,374,272	10,375,170	9,429,243
All Other Outlets	5,839,627	6,602,407	5,999,001	6,026,085	6,226,000	5,721,175	5,589,371	5,025,762	5,167,013	4,694,026
<b>Total All Outlets</b>	<b>\$ 17,894,572</b>	<b>\$ 20,762,507</b>	<b>\$ 19,824,321</b>	<b>\$ 19,334,503</b>	<b>\$ 19,378,945</b>	<b>\$ 18,661,884</b>	<b>\$ 17,878,929</b>	<b>\$ 16,400,034</b>	<b>\$ 15,542,183</b>	<b>\$ 14,123,269</b>

Source: California Department of Tax and Fee Administration. Current year information not available.

San Francisco County Transportation Authority  
Debt Capacity - Ratios of Outstanding Debt  
Last Ten Fiscal Years

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Fiscal Year Ended June 30:	Revolving Credit Agreement	Commercial Paper	Sales Tax Revenue Bonds	Debt Per- Capita *	Total Debt as a % of Personal Income
2021	\$ -	\$ -	\$ 239,040,113	\$ 271	0.19%
2020	-	-	253,565,836	288	0.21%
2019	-	-	267,701,559	304	0.23%
2018	24,664,165	-	268,917,282	334	0.28%
2017	139,664,165	-	-	159	0.15%
2016	114,664,165	-	-	133	0.13%
2015	134,664,165	-	-	158	0.17%
2014	-	135,000,000	-	160	0.19%
2013	-	150,006,000	-	182	0.21%
2012	-	150,000,000	-	185	0.24%

\* Debt per capita and personal income amounts calculated using prior fiscal year population.



San Francisco County Transportation Authority  
Debt Capacity – Direct and Overlapping Legal Debt Margin Information and Limitations  
Last Ten Fiscal Years

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The Transportation Authority does not have overlapping debt with other governmental agencies. Additionally, the Transportation Authority does not have a legal debt limit.

San Francisco County Transportation Authority  
Debt Capacity - Pledge Revenue Coverage  
Last Ten Fiscal Years

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Fiscal Year Ended June 30:	Available Revenue	Annual Debt Service		Total	Coverage
	Sales Tax Revenue	Principal*	Interest**		
2021	\$ 86,530,445	\$ 13,310,000	\$ 8,371,509	\$ 21,681,509	4.0
2020	99,268,709	12,920,000	8,852,994	21,772,994	4.6
2019	115,670,918	-	8,864,534	8,864,534	13.0
2018	100,969,925	-	3,464,487	3,464,487	29.1
2017	101,922,012	-	1,098,535	1,098,535	92.8
2016	102,136,600	-	794,172	794,172	128.6
2015	100,278,511	-	1,468,189	1,468,189	68.3
2014	93,930,566	-	1,354,423	1,354,423	69.4
2013	85,753,558	-	1,483,229	1,483,229	57.8
2012	81,164,517	-	2,685,265	2,685,265	30.2

\*Excluded from this schedule are the Transportation Authority's payment of outstanding principal under the Revolving Credit Agreement in the amounts of \$24,664,165, \$115,000,000, \$21,000,000 and \$20,000,000 for fiscal year 2019, 2018, 2017, and 2016 respectively.

\*\*Includes interest paid under the Transportation Authority's Revolving Credit Agreement and on the outstanding Senior Sales Tax Revenue Bonds.

San Francisco County Transportation Authority  
Demographic and Economic Information - Demographic and Economic Statistics  
Last Ten Fiscal Years

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Fiscal Year Ended June 30:	Population		Total Personal Income (in thousands)		Per Capita Personal Income		Average Unemployment Rate
2020	883,083	*	\$ 124,066,697	**	\$ 140,493	***	4.8%
2019	881,549	*	120,945,422	**	137,196	***	2.3%
2018	880,696	*	115,444,581	**	131,083	***	2.6%
2017	879,166		106,006,635		120,576		3.1%
2016	876,103		96,161,308		109,760		3.4%
2015	862,004		89,533,450		103,867		4.0%
2014	852,469		77,233,279		90,600		5.2%
2013	841,138		72,858,445		86,619		6.5%
2012	825,863		70,573,974		85,455		8.1%
2011	812,826		63,102,121		77,633		9.2%

\* FY2017/18 and FY2018/19 were updated from last year's ACFR with newly available data. FY2019/20 population was estimated by multiplying the estimated FY2018/19 population by the FY2018/19 - FY2019/20 population growth rate.

\*\* Personal income was estimated by assuming that its percentage of state personal income in FY2017/18 and FY2018/19 remained at the FY2018/19 level of 4.59 percent. FY2017/18 and FY2018/19 were updated from last year's ACFR with newly available data.

\*\*\* Per capita personal income for FY2018/19 and FY2019/20 was estimated by dividing the estimated personal income for FY2018/19 and FY2019/20 by the reported and estimated population in FY2018/19 and FY2019/20, respectively. FY2017/18 and FY2018/19 are updated from last year's ACFR with newly available data. FY2018/19 was estimated by multiplying the latest quarterly State income by 1000 and dividing by the estimated FY2018/19 population.

Source: City and County of San Francisco Annual Comprehensive Financial Report for the year ended June 30, 2020; Statistical Section - Demographic and Economic Statistics. Current year population information not available.

San Francisco County Transportation Authority  
Demographic and Economic Information - Principal Employers  
One and Ten Years Ago

Employer	Rank	2019*	
		Number of Employees	Percentage of Total City Employment
City and County of San Francisco	1	36,910	6.68%
University of California, San Francisco	2	34,690	6.28%
San Francisco Unified School District	3	10,257	1.86%
Salesforce	4	9,100	1.65%
Wells Fargo & Co.	5	7,296	1.32%
Kaiser Permanente	6	6,659	1.20%
United	7	6,153	1.11%
Sutter Health	8	6,134	1.11%
Uber Technologies Inc	9	5,500	1.00%
Gap, Inc	10	4,500	0.81%
Total		<u>127,199</u>	

Employer	Rank	2010	
		Number of Employees	Percentage of Total City Employment
City and County of San Francisco	1	25,488	5.59%
University of California, San Francisco	2	11,639	2.55%
Wells Fargo & Co.	3	9,089	1.99%
California Pacific Medical Center	4	6,600	1.45%
State of California	5	5,465	1.20%
United States Postal Service	6	4,369	0.96%
PG&E Corporation	7	4,080	0.90%
Gap Inc.	8	3,783	0.83%
Kaiser Permanente	9	3,490	0.77%
San Francisco State University	10	3,243	0.71%
Total		<u>77,246</u>	

\* Most recent information available.

Source: City and County of San Francisco Annual Comprehensive Financial Report for the year ended June 30, 2020.

San Francisco County Transportation Authority  
Operating Information - Full Time Equivalent Employees by Function  
Last Ten Calendar Years

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Function	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Capital Projects	4.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	3.00	4.00
Executive	7.00	6.00	7.00	7.00	6.00	6.00	6.00	5.00	3.00	3.00
Finance and Administration	10.00	9.00	9.00	9.00	8.00	6.00	8.00	5.00	6.00	6.00
Planning	6.00	7.00	7.00	8.00	8.00	7.00	9.00	8.00	7.00	9.00
Policy and Programming	8.00	8.00	7.00	8.00	8.00	7.00	6.00	8.00	9.00	9.00
Technology, Data and Analysis	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00	3.00
<b>Total Employees</b>	<b>39.00</b>	<b>37.00</b>	<b>37.00</b>	<b>39.00</b>	<b>38.00</b>	<b>34.00</b>	<b>37.00</b>	<b>33.00</b>	<b>31.00</b>	<b>34.00</b>

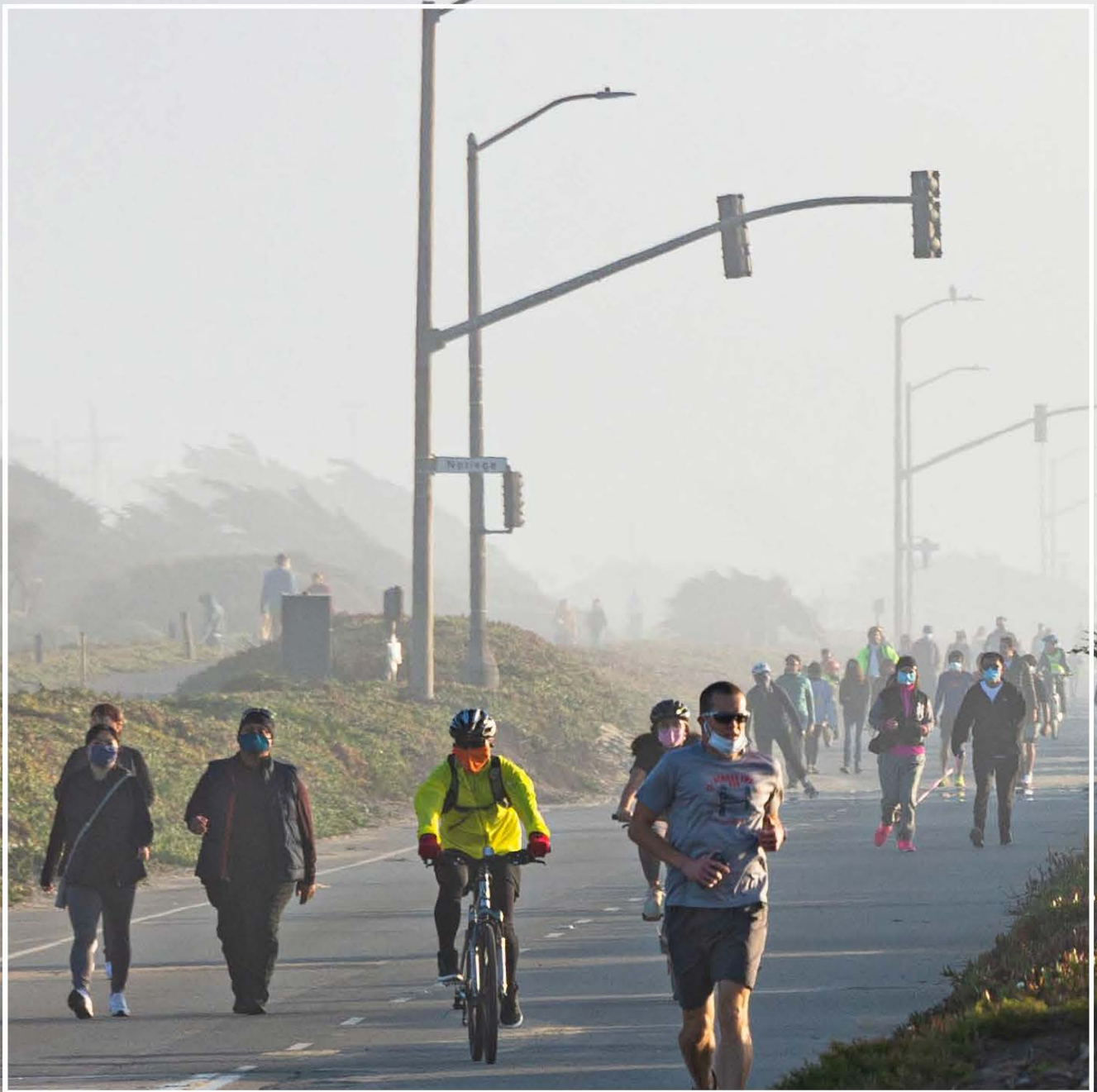
San Francisco County Transportation Authority  
Operating Information - Operating Indicators by Function - Project Fund Allocations and Reimbursements  
Last Ten Calendar Years (in thousands)



Source: San Francisco County Transportation Authority's Annual Report from 2011 to 2020. Calendar year basis for data presented.

San Francisco County Transportation Authority  
Operating Information - Capital Asset Statistics  
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Capital assets										
Leasehold improvements	\$ 3,023,624	\$ 3,023,624	\$ 3,023,624	\$ 3,023,624	\$ 3,023,624	\$ 3,023,624	\$ 3,023,624	\$ 3,023,624	\$ 2,992,404	\$ 2,933,570
Furniture and equipment	908,819	899,864	850,135	856,146	890,753	890,753	961,989	909,024	770,577	703,027
Total capital assets	<u>3,932,443</u>	<u>3,923,488</u>	<u>3,873,759</u>	<u>3,879,770</u>	<u>3,914,377</u>	<u>3,914,377</u>	<u>3,985,613</u>	<u>3,932,648</u>	<u>3,762,981</u>	<u>3,636,597</u>
Less accumulated depreciation										
Leasehold improvements	2,092,025	1,859,125	1,626,225	1,393,325	1,160,425	927,525	694,626	461,727	230,185	-
Furniture and equipment	829,824	816,496	798,126	773,396	825,211	762,439	772,407	666,398	524,906	487,164
Total accumulated depreciation	<u>2,921,849</u>	<u>2,675,621</u>	<u>2,424,351</u>	<u>2,166,721</u>	<u>1,985,636</u>	<u>1,689,964</u>	<u>1,467,033</u>	<u>1,128,125</u>	<u>755,091</u>	<u>487,164</u>
Total capital assets, net	<u>\$ 1,010,594</u>	<u>\$ 1,247,867</u>	<u>\$ 1,449,408</u>	<u>\$ 1,713,049</u>	<u>\$ 1,928,741</u>	<u>\$ 2,224,413</u>	<u>\$ 2,518,580</u>	<u>\$ 2,804,523</u>	<u>\$ 3,007,890</u>	<u>\$ 3,149,433</u>



# Compliance Section





Independent Auditor's Reports  
June 30, 2021

# San Francisco County Transportation Authority



**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***

Governing Board  
San Francisco County Transportation Authority  
San Francisco, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the San Francisco County Transportation Authority (Transportation Authority), a component unit of the City and County of San Francisco, California, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Transportation Authority's basic financial statements, and have issued our report thereon dated December 21, 2021.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Transportation Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Transportation Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California  
December 21, 2021



## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

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

### **Report on Compliance for Each Major Federal Program**

We have audited the San Francisco County Transportation Authority's (Transportation Authority), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Transportation Authority's major federal program for the year ended June 30, 2021. The Transportation Authority's major federal programs is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance of Transportation Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Transportation Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on the Major Federal Program***

In our opinion, the Transportation Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

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

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

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

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

*Eide Bailly LLP*

Menlo Park, California  
December 21, 2021

San Francisco County Transportation Authority  
Summary of Auditor's Results  
Year Ended June 30, 2021

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**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

**Federal Awards**

Internal control over major Federal programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u>No</u>

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

None reported.



San Francisco County Transportation Authority  
Federal Awards Findings and Questioned Costs  
Year Ended June 30, 2021

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None reported.

San Francisco County Transportation Authority  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2021

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None reported.



**San Francisco  
County Transportation  
Authority**

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