



**SFMTA**  
Municipal  
Transportation  
Agency

# Audit Report and Financial Statements Fiscal Year 2016-2017

BOARD OF DIRECTORS MEETING

12/5/2017

SAN FRANCISCO, CALIFORNIA

# **YEAR END AUDIT FY 2016-2017**

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- **ANNUALLY THE YEAR-END AUDIT INCLUDES:**
  - **FINANCIAL AUDIT – PICTURE OF SFMTA’S FINANCIAL STATUS**
  - **SINGLE AUDIT – GRANT COMPLIANCE. THIS IS SCHEDULED FOR COMPLETION BY END OF JANUARY 2018.**
  - **MANAGEMENT LETTER – AUDITOR’S RECOMMENDATIONS TO IMPROVE FINANCIAL MANAGEMENT AND OVERSIGHT**
    - **NO FINDINGS**

# **YEAR END AUDIT FY 2016-2017**

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## **Summary**

- **Expenditures grew at a faster pace than revenues**
- **New Pension Reporting Rules**
- **Increase in capital assets (more capital projects)**
- **Lower grants amounts due, billing more timely**
- **Increased efforts at cost recovery of special events**
- **Increased charging of the capital budget for certain capitalizable expenses**
- **Less funds set aside for claims losses as several big cases settled**

**SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
COMPARATIVE JUNE 30, 2017 AND 2016  
(IN THOUSANDS)**

<b>Category</b>	<b>FY16-17</b>	<b>FY15-16</b>	<b>Change</b>	<b>Notes</b>
Operating revenues	\$503,638	499,234	4,404	Increase due to various fees and fines
Non-operating revenues	264,441	206,529	57,912	Increase in development fees
Capital contributions	453,440	419,738	33,702	Increase in capital expenditures billable to grantors such as Central Subway and Revenue Vehicles procurement
Transfers	461,909	452,990	8,919	Increase in City's General Fund baselines
<b>Total Revenues</b>	<b>1,683,428</b>	<b>1,578,491</b>	<b>104,937</b>	
<b>Total Expenses</b>	<b>1,408,693</b>	<b>1,100,234</b>	<b>308,459</b>	See next page for detail
<b>Change in net position</b>	<b>\$274,735</b>	<b>478,257</b>	<b>(203,522)</b>	Revenues less Expenses

**SUMMARY OF OPERATING EXPENSES  
COMPARATIVE JUNE 30, 2017 AND 2016  
(IN THOUSANDS)**

<b>Category</b>	<b>FY16-17</b>	<b>FY15-16</b>	<b>Change</b>	<b>Notes</b>
Personnel services	\$988,541	677,174	311,367	Increases in number of staff, labor contracts and pension and health care benefits
Contractual services	136,335	124,780	11,555	Increase in various contracts
Materials and supplies	74,467	81,417	(6,950)	Increase in items paid by capital budget
Depreciation and amortization	146,595	133,715	12,880	More capital assets
Services from other City departments	67,147	61,959	5,188	Increase work orders
General and administrative	18,360	42,695	(24,335)	Decrease in provision for claims losses
Other operating expenses	(22,752)	(21,506)	(1,246)	More cost recovery
<b>Total Expenses</b>	<b>\$1,408,693</b>	<b>1,100,234</b>	<b>308,459</b>	

**CONDENSED SUMMARY OF NET POSITION  
COMPARATIVE JUNE 30, 2017 AND 2016 (IN THOUSANDS)**

<b>Category</b>	<b>FY16-17</b>	<b>FY15-16</b>	<b>Change</b>	<b>Notes</b>
Current assets	\$1,185,962	1,083,976	101,986	Increase due to FY 2017 revenue bond proceeds
Restricted assets	110,370	86,597	23,773	Increase in development fees
Capital assets	3,616,904	3,147,877	469,027	Increase investment in capital projects
<b>Total Assets</b>	<b>4,913,236</b>	<b>4,318,450</b>	<b>594,786</b>	
<b>Deferred outflows of resources</b>	<b>340,916</b>	<b>98,333</b>	<b>242,583</b>	New ruling regarding pensions reporting
Current liabilities	286,197	390,861	(104,664)	Decrease in accounts payable
Noncurrent liabilities	1,631,921	900,659	731,262	Increase in pension liability, and new debt issuance
<b>Total Liabilities</b>	<b>1,918,118</b>	<b>1,291,520</b>	<b>626,598</b>	
<b>Deferred Inflows of Resources</b>	<b>40,342</b>	<b>104,306</b>	<b>(63,964)</b>	New ruling regarding pensions reporting
<b>Net Position</b>	<b>\$3,295,692</b>	<b>3,020,957</b>	<b>274,735</b>	