

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Supervisors,
City and County of San Francisco

Board of Directors, Bond Oversight Committee,
and the Management of SFMTA,
San Francisco Municipal Transportation Agency

We have performed the procedures enumerated in the Attachment on the San Francisco Municipal Transportation Agency's (SFMTA) Compliance with the requirements of its bond authorizations and resolutions for bond series 2017 and 2021C accounts for the year ended June 30, 2023. SFMTA is responsible for its compliance with the requirements of its bond authorizations and resolutions related to the 2017 and 2021C bonds.

SFMTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in determining whether the entity complied with the requirements over the sources and uses of funds related to the 2017 and 2021C bonds, along with the annual reporting, as presented in the *Bond Oversight Committee Bylaws*, as set forth in Article IV, Section 2: Report, for the year ended June 30, 2023. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and the associated findings are contained in the Attachment.

We were engaged by SFMTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the requirements of its bond authorizations and resolutions for bond series 2017 and 2021C accounts. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of SFMTA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of SFMTA and is not intended to be, and should not be, used by anyone other than the specified party.

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San Francisco, California

DATE

Procedures and Results:

High-dollar and Random Small Dollar Samples:

1. We will obtain the general ledger detail of all recorded transactions related to bond series 2017 and 2021C for the fiscal year ended June 30, 2023. We will select the 25 highest dollar amounts by filtering for Expenditure type under "Account Lvl 2 Code" column and sorting the transaction amount in the detail from largest to smallest. We will randomly select 15 additional expenditures from the general ledger detail.

Results: Selected a total of 40 sample items, which comprised of the following:

- **25 expenditures with the high-dollar amounts**
 - **15 assorted expenditures for small-dollar amounts**
2. For the sampled items in procedure #1, we will observe that the expenditures are solely for purposes per the bond authorization and resolution by comparing the project description on the approved invoice and encumbrance payment request form to the respective bond authorization and resolution to observe whether the respective bond authorization and resolution includes the projects' purpose.

Results: No exceptions were found as a result of applying these procedures. We observed that the expenditures are solely for purposes per the bond authorization and resolution by comparing the project description on the approved invoice and encumbrance payment request form to the respective bond authorization and resolution. We obtained the following bond resolutions that describe management's intention of the bond proceeds and interest income for the source, intended use, and expenditure and balances of bond revenue to use as a basis of determining that the debt proceeds and interest income were recorded correctly, as detailed below:

- **The SFMTA Board of Directors Resolutions 16-0464, and 201215-110 resolving to issue series 2017, and 2021 "New Money" (2021C) revenue bonds, respectively, for the purpose of financing (as capital projects) the cost of transportation projects.**
 - **The SFMTA Board of Directors Resolution 16-044, which allow SFMTA to be reimbursed for costs for the above range of capital projects from the proceeds of revenue bond series 2017.**
 - **CCSF Board of Supervisors Resolutions 231-16 and 023-21 authorizing the issuance of series 2017 and 2021C bonds, respectively, in concurrence with the resolutions passed by the SFMTA Board of Directors**
3. For the sampled items in procedure #1, we will observe that the expenditures are for authorized capital projects by obtaining the approved invoice and Certificate of Progress Payment and observing that the invoice and progress payment are signed by the project manager and contract administrator.

Results: No exceptions were found as a result of applying these procedures. For all construction and engineering services type expenditures, we obtained the approved invoice and Certificate of Progress Payment and observed that both are signed by the project manager and contract administrator. For equipment and other professional service type expenditures, we obtained the approved invoice and observed that the invoice is signed by the project manager and contract administrator. This procedure does not apply to journal entry adjustments, indirect costs & fringe, or direct salary type expenditures as invoices and Certificates of Progress Payment are not applicable.

4. For the sampled items in procedure #1, we will observe that the transactions are properly supported based on City and Departmental policies and are processed in accordance with SFMTA's internal procedures by obtaining the approved invoice, encumbrance payment request form, the Peoplesoft

screenshot showing the amount paid prior to reimbursement, Certificate of Progress Payment, request for progress payment memorandum, and bank statement showing payment. For each selection, we will agree the amount in the progress payment memorandum to the amount in the encumbrance payment request form. We will obtain the Certificate of Progress Payment and observe that it was signed by the project manager and contract administrator. We will calculate the number of days between date of receipt of the invoice and date of payment per the bank statement. Note: Payment should be made within 30 days per the City and County of San Francisco's (CCSF) Prompt Payment Guideline.

Results: No exceptions were found as a result of applying these procedures. We obtained the approved invoice, encumbrance payment request form, the Peoplesoft screenshot showing the amount paid prior to reimbursement, Certificate of Progress Payment, request for progress payment memorandum, and bank statement showing payment, as applicable. For construction and engineering service type expenditures we agreed the amount in the payment memorandum to the amount in the encumbrance payment request form. Additionally, for construction and engineering service type expenditures we obtained the Certificate of Progress Payment and observed that it was signed by the project manager and contract administrator. As other professional services and equipment type expenditures would not require a payment memorandum or Certificate of Progress Payment, we obtained the related invoice and observed that the invoice amount agreed to the amount in the encumbrance payment request form and was signed by the project manager and contract administrator. For samples #1 through #28 we calculated the number of days between date of receipt of the invoice and date of payment per the bank statement and observed that payments were made within 30 days as per the City and County of San Francisco's (CCSF) Prompt Payment Guideline. This procedure does not apply to samples #29 through #40 which follows procedures# 5 - #7.

5. For the direct salary samples in procedure #1, we will obtain the labor distribution system report and select one employee from the report. We will obtain the respective employee's timesheet and agree the hours from the timesheet to the labor distribution report. We will obtain the payroll register for each sampled employee and agree the pay rate to the pay rate on the labor distribution report. We will recalculate the payroll expense for each sampled employee.

Results: No exceptions were found as a result of applying these procedures. For samples #29-#31, we obtained the labor distribution system report and selected one employee from the report. We then obtained the respective employee's timesheet and agreed the hours from the timesheet to the labor distribution report. Additionally, we obtained the payroll register for each sampled employee and agreed the pay rate to the pay rate on the labor distribution report. We then recalculated the payroll expense for each sampled employee.

6. For the indirect cost and fringe benefit samples in procedure #1, we will recalculate the indirect cost and fringe benefit amounts.

Results: No exceptions were found as a result of applying these procedures. Samples #32-#34 pertains to healthcare benefits, employer taxes, and retirement benefits for specific pay periods. For each selection we obtained the labor distribution system report and timesheet and payroll registers for all included employees. We then calculated the percentage of total time on timesheet related to the authorized project. We recalculated the amount recorded by multiplying total amount per payroll register times the percentage related to the authorized project. Sample #36 pertains to the allocation of paid time off costs incurred in relation to the MT Train Control System Upgrade. Sample #37 pertains to the allocation of division overhead costs incurred in relation to the MT Train Control System Upgrade. Samples #38 - #40 pertain to the allocation of department overhead costs incurred in relation to the MT Train Control System Upgrade. We recalculated the allocated costs by multiplying the direct salaries and wages base by the approved indirect cost rate.

7. For the journal entry adjustments sampled items in procedure #1, we obtained the PeopleSoft screenshot and agreed the amount to the screenshot. We compared the preparer name on the

screenshot to the approver name on the screenshot to observe that the approver name is different from the preparer name. Lastly, we observed the approved date on the screenshot is after the prepared date.

Results: No exceptions were found as a result of applying these procedures. Sample #35 was a journal entry adjustment to record internal billing for services rendered from the City Attorney's Office. Additionally, samples #36 through #40 were indirect costs recorded via journal entries. We obtained the PeopleSoft screenshot for each and agreed the amount to the screenshot. We then compared the preparer name on the screenshot to the approver name on the screenshot and observed that the approver name is different from the preparer name. Lastly, we observed that the approved date on the screenshot is after the prepared date.

Figure 1–Summary of High-Dollar and Assorted Small-Dollar Samples Selection

Sample No.	Project Description	Sample Type	Transaction Amount	Expenditure Type
1	MT Central Subway Project	High-Dollar Value	\$ 7,012,118.39	Construction
2	MT Central Subway Project	High-Dollar Value	\$ 4,800,944.63	Construction
3	MT Central Subway Project	High-Dollar Value	\$ 4,219,444.40	Construction
4	MT Central Subway Project	High-Dollar Value	\$ 3,106,560.34	Construction
5	MT Central Subway Project	High-Dollar Value	\$ 2,717,708.89	Construction
6	MT Central Subway Project	High-Dollar Value	\$ 2,578,525.67	Construction
7	MT Central Subway Project	High-Dollar Value	\$ 2,368,312.20	Construction
8	MT Central Subway Project	High-Dollar Value	\$ 791,214.17	Construction
9	PK Parking Meter Replacement	High-Dollar Value	\$ 364,409.71	Equipment
10	MT 10032900 Train CTL Upgrade	High-Dollar Value	\$ 302,258.33	Construction
11	MT 10032900 Train CTL Upgrade	High-Dollar Value	\$ 293,250.00	Construction
12	PK Parking Meter Replacement	High-Dollar Value	\$ 256,626.56	Equipment
13	PK Parking Meter Replacement	High-Dollar Value	\$ 256,626.56	Equipment
14	PK Parking Meter Replacement	High-Dollar Value	\$ 256,626.56	Equipment
15	PK Parking Meter Replacement	High-Dollar Value	\$ 256,626.56	Equipment
16	PK Parking Meter Replacement	High-Dollar Value	\$ 256,626.56	Equipment
17	PK Parking Meter Replacement	High-Dollar Value	\$ 256,626.56	Equipment
18	PK Parking Meter Replacement	High-Dollar Value	\$ 256,626.56	Equipment
19	PK Parking Meter Replacement	High-Dollar Value	\$ 256,626.56	Equipment
20	PK Parking Meter Replacement	High-Dollar Value	\$ 256,626.56	Equipment
21	PK Parking Meter Replacement	High-Dollar Value	\$ 225,831.38	Equipment
22	MT Train Control System Upgrade	High-Dollar Value	\$ 221,302.71	Engineering Services
23	PK Parking Meter Replacement	High-Dollar Value	\$ 215,566.31	Equipment
24	PK Parking Meter Replacement	High-Dollar Value	\$ 205,301.25	Equipment
25	PK Parking Meter Replacement	High-Dollar Value	\$ 205,301.25	Equipment
26	PK Parking Meter Replacement	Assorted Small Dollar	\$ 184,771.13	Equipment
27	PK Parking Meter Replacement	Assorted Small Dollar	\$ 61,590.38	Equipment
28	PK Parking Meter Replacement	Assorted Small Dollar	\$ 900.00	Other Professional Services
29	MT Train Control System Upgrade	Assorted Small Dollar	\$ 5,013.80	Direct Salary
30	MT Train Control System Upgrade	Assorted Small Dollar	\$ 18,706.13	Direct Salary
31	MT 10032900 Train CTL Upgrade	Assorted Small Dollar	\$ 12,540.40	Direct Salary
32	MT 10032900 Train CTL Upgrade	Assorted Small Dollar	\$ 686.37	Indirect Cost & Fringe Benefits
33	MT Train Control System Upgrade	Assorted Small Dollar	\$ 2,897.06	Indirect Cost & Fringe Benefits
34	MT Train Control System Upgrade	Assorted Small Dollar	\$ 297.00	Indirect Cost & Fringe Benefits
35	MT 10032900 Train CTL Upgrade	Assorted Small Dollar	\$ 19,298.25	Journal Entry Adjustment
36	MT 10032900 Train CTL Upgrade	Assorted Small Dollar	\$ 3,645.28	Indirect Cost & Fringe Benefits
37	MT 10032900 Train CTL Upgrade	Assorted Small Dollar	\$ 1,428.34	Indirect Cost & Fringe Benefits
38	MT Train Control System Upgrade	Assorted Small Dollar	\$ 13,570.24	Indirect Cost & Fringe Benefits
39	MT 10032900 Train CTL Upgrade	Assorted Small Dollar	\$ 4,238.70	Indirect Cost & Fringe Benefits
40	MT 10032900 Train CTL Upgrade	Assorted Small Dollar	\$ 11,801.02	Indirect Cost & Fringe Benefits
		Total	\$ 32,279,072.77	

Interdepartmental Charges:

8. Using the same general ledger data file in procedure #1, we will randomly select 15 interdepartmental charges by filtering the general ledger detail by department group code and selecting items that are not identified as 'MTA'.
9. For the sampled items in procedure #8, we will observe the expenditures are solely for purposes per authorization and resolution by obtaining the SFMTA Work Authorization to Department of Public Works (DPW) form, the Peoplesoft screenshot, project description and project cost details provided by DPW. We will compare the project description on the form to the respective bond authorization and resolution.
10. For the sampled items in procedure #8, we will observe the project expenditures and encumbrance are for authorized projects by obtaining the SFMTA Work Authorization to DPW forms, respective invoices submitted by DPW, encumbrance amount (provided by management), Certificate of Progress Payment, and progress payment report (SBE form No. 7). We will agree the encumbrance amount to the progress payment report, agree the invoice amount to the encumbrance and to the subcontractor or contractor payment (check copy or wire transfer form). We will obtain the SFMTA Work Authorization to DPW to verify if these are interdepartmental transfers by comparing the project descriptions on the Work Authorization to the project descriptions on the general ledger detail.
11. For the sampled items in procedure #8, we will observe whether the transactions are properly supported based on CCSF and SFMTA policies and are processed in accordance with SFMTA's internal procedures by performing the following:
 - a. Obtain the Work Authorization and observe that it is signed by a SFMTA project manager to verify documentation for charges is correct, that the charges are in line with the project scope, schedule and budget, and progress of work reasonably equates to the percentage of the budget expended.
 - b. Calculate that the SFMTA project manager approved the charges within 30 days of the end of the month the charges were recorded.
 - c. Observe that the Work Authorization has a project description and project code to which the expenditures can be charged for tracking purposes.
 - d. Obtain the invoices and Work Authorizations and compare the project descriptions to the project descriptions in the general ledger detail and to observe that expenditures were for capital projects per the respective bond authorization and resolution.
 - e. Observe that the invoices were submitted by DPW within 15 days of end of the month the charges were recorded.

Results: The procedures identified above are not applicable. There were no interdepartmental charges included in the general ledger data file.

Budget Funding:

12. We will obtain an expenditure budget query report related to bond series 2017 and 2021C for the fiscal year ended June 30, 2023, from management that includes Commitment Control Detail Ledger. From this report, we will filter the column name "Fund description" for any sustainable Streets (SS) and Transit (TS) Capital Revenue Bond as well as "Budget Ledger Name" for Commitment Control Detail Budget. We will randomly select 2 budget (funding) transfers from the filtered data.
13. For the sampled items in procedure #12, we will observe the uses are solely for purposes per the bond authorization and resolution by obtaining the SFMTA Work Authorization Request and compare the project description to the respective bond authorization and resolution.
14. For the sampled items in procedure #12, we will observe the project expenditures and encumbrances are for authorized capital projects by obtaining the SFMTA Work Authorization Request and confirm it was signed by a project manager prior to the creation of the Peoplesoft entry recorded by the SFMTA accounting staff.
15. For each selection in procedure #12, we will observe the transactions are properly supported based on CCSF and SFMTA policies and are process in accordance with SFMTA's internal procedures by obtaining the work authorization request and observe that it has a project description and a project code. We will obtain the Peoplesoft screenshot and agree the amount from the screenshot to the amount on the work authorization request.

Figure 3–Summary of Budget Funding Samples Selection

Sample No.	Project Description	Project Code	Transaction Type	Amount
1	Light Rail Vehicle Fleet Replacement	10011920	Budget Funding	\$ 133,133
2	1200 15th Street Renovation	10037271	Budget Funding	\$ 20,000,000

Results: No exceptions were found as a result of performing these procedures. For the two budget transfers, we obtained the SFMTA Work Authorization Request and compared the project description to the respective bond authorization and resolution. Additionally, we confirmed the authorization request was signed by a project manager prior to the creation of the Peoplesoft entry recorded by the accounting staff. Lastly, we obtained the Peoplesoft screenshot and agreed the amount from the screenshot to the amount on the authorization request.

Trustee Payments:

16. We will obtain a listing of all bond debt service payments to trustee related to the bond series 2017 and 2021 C from management for the fiscal year ended June 30, 2023 and randomly select 5 payments.
17. For the sampled items in procedure #16, we will observe the trustee payments for debt service were made in accordance with terms by performing procedures to determine whether the amounts paid were correct and the payments were paid by the due date. We will obtain the monthly payment request and agree the interest and principal payment amounts to the respective amounts posted per the bank statement and compare the payment date per the bank statement to the that of the due date per the monthly payment request.
18. We will agree the bond balances per the general ledger for each series as of June 30, 2023, to the debt roll forward and debt service schedule provided by management.

Figure 3–Summary of Trustee Payment Samples Selected

Sample No.	Bond Series	Month Ending	Principal	Interest	Total Debt Service
1	BOND SERIES 2017	SEPTEMBER 2022	\$ 615,833.33	\$ 526,716.95	\$ 1,142,550.28
2	BOND SERIES 2017	MAY 2023	\$ -	\$ 514,669.79	\$ 514,669.79
3	BOND SERIES 2021C	AUGUST 2022	\$ -	\$ 383,008.35	\$ 383,008.35
4	BOND SERIES 2021C	MARCH 2023	\$ -	\$ 361,879.94	\$ 361,879.94
5	BOND SERIES 2021C	JUNE 2023	\$ -	\$ 383,008.33	\$ 383,008.33

Results: No exceptions were found as a result of applying these procedures. For the five trustee payments, we obtained the monthly payment request and agreed the interest and principal payment amounts to the respective amounts posted per the bank statement and compared the payment date per the bank statement to that of the due date per the monthly payment request. Additionally, we agreed the bond balances per the general ledger for each series as of June 30, 2023, to the debt roll forward and debt service schedule provided by management.