

BOARD OF DIRECTORS 2024

MARINA FRASER, CHAIR
JEFF GEE, VICE CHAIR
DAVID J. CANEPA
MARIE CHUANG
BROOKS ESSER
RICO E. MEDINA
RAY MUELLER
JOSH POWELL
PETER RATTO

APRIL CHAN
GENERAL MANAGER/CEO



Agenda

Audit Committee Meeting

Committee Members: Josh Powell (Chair), Jeff Gee, Ray Mueller

November 15, 2024, 10:00 am

San Mateo County Transit District

Bacciocco Auditorium, 2nd Floor
1250 San Carlos Avenue, San Carlos, CA 94070

Members of the public may attend in-person or participate remotely via Zoom at: <https://us02web.zoom.us/j/87269144523?pwd=MX1lv48Td2kr9nzfrLSrD8kojizFre.1> or by entering Webinar ID: **872 6914 4523**, Passcode: **897478** in the Zoom app for audio/visual capability or by calling 1-669-900-9128 (enter webinar ID and press # when prompted for participant ID) for audio only.

Please Note the following COVID-19 Protocols for in-person attendance:

1. Visitors experiencing the following symptoms of COVID-19 may not enter the building:
 - Cough
 - Shortness of Breath
 - Fever
 - Chills
 - Muscle Pain
 - Sore Throat
 - Loss of Taste or Smell
2. Wearing of masks is recommended but not required.

Public Comments: Public comments may be submitted to publiccomment@samtrans.com prior to the meeting's call to order so that they can be sent to the Board as soon as possible, while those received during or after an agenda item is heard will be included into the Board's weekly correspondence and posted online at: <https://www.samtrans.com/meetings>.

Oral public comments will also be accepted during the meeting in person and through Zoom* or the teleconference number listed above. Public comments on individual agenda items are limited to one per person PER AGENDA ITEM. Participants using Zoom over the Internet should use the Raise Hand feature to request to speak. For participants calling in, dial *67 if you do not want your telephone number to appear on the live broadcast. Callers may dial *9 to use the Raise Hand feature for public comment. Each commenter will be recognized to speak and callers should dial *6 to unmute themselves when recognized to speak.

Note: All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board.

Each public comment is limited to one minute or less. The Board and Committee Chairs have the discretion to manage the Public Comment process in a manner that achieves the purpose of public communication and assures the orderly conduct of the meeting.

The video live stream will be available after the meeting at <https://www.samtrans.com/about-samtrans/video-board-directors-cac-and-measure-w-coc>.

Friday, November 15, 2024

10:00 am

1. Call to Order

Note: All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board.

2. Roll Call

3. Public Comment

Comments by each individual speaker shall be limited to one (1) minute.

4. Approval of Minutes of Audit Committee Meeting of September 4, 2024

Motion

5. Acceptance of Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024

Motion

6. Adjourn

Information for the Public

If you have questions on the agenda, please contact the District Secretary at 650-551-6108. Agendas are available on the SamTrans website at: <https://www.samtrans.com/meetings>. Communications to the Board of Directors can be emailed to board@samtrans.com.

Free translation is available; Para traducción llama al 1.800.660.4287; 如需翻译 请电1.800.660.4287

Date and Time of Board and Citizens Advisory Committee Meetings

San Mateo County Transit District Committees and Board: First Wednesday of the month, 2:00 pm;
SamTrans Citizens Advisory Committee (CAC): Last Wednesday of the month, 6:30 pm. Date, time and location of meetings may be changed as necessary. Meeting schedules for the Board and CAC are available on the website.

Location of Meeting

This meeting will be held in-person at: San Mateo County Transit District, Bacciocco Auditorium, 2nd Floor, 1250 San Carlos Avenue, San Carlos, CA. Members of the public may attend in-person or participate remotely via Zoom as per the information provided at the top of the agenda.

*Should Zoom not be operational, please check online at: <https://www.samtrans.com/meetings> for any updates or further instruction.

Public Comment

Members of the public may participate remotely or in person. Public comments may be submitted by comment card in person and given to the District Secretary. Prior to the meeting's call to order, public comments may be submitted to publiccomment@samtrans.com prior to the meeting's call to order so that they can be sent to the Board as soon as possible, while those received during or after an agenda item is heard will be included into the Board's weekly correspondence and posted online at: <https://www.samtrans.com/meetings>.

Public comments will also be accepted during the meeting through Zoom or the teleconference number listed above. Public comments on individual agenda items are limited to one minute and one per person PER AGENDA ITEM. Each online commenter will be automatically notified when they are unmuted to speak. The Board Chair shall have the discretion to manage the Public Comment process in a manner that achieves the purpose of public communication and assures the orderly conduct of the meeting.

Accessible Public Meetings/Translation

Upon request, SamTrans will provide for written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested at least 72 hours in advance of the meeting or hearing. Please direct requests for disability-related modification and/or interpreter services to the Title VI Administrator at San Mateo County Transit District, 1250 San Carlos Avenue, San Carlos, CA 94070; or email titlevi@samtrans.com; or request by phone at 650-622-7864 or TTY 650-508-6448.

Availability of Public Records

All public records relating to an open session item on this agenda that are not exempt from disclosure pursuant to the California Public Records Act and that are distributed to a majority of the legislative body will be available for public inspection at 1250 San Carlos Avenue, San Carlos, CA 94070 at the same time that the public records are distributed or made available to the legislative body.

**San Mateo County Transit District (District)
1250 San Carlos Avenue, San Carlos, California**

Minutes of Audit Committee Meeting

September 4, 2024

Members Present: J. Gee, J. Powell (Chair)

(Via Teleconference)

Members Absent: R. Mueller

Other Board

Members Present: None

Staff Present: A. Chan, K. Jordan Steiner, D. Covarrubias, L. Millard-Olmeda, J. Chen, D. Olmeda, J. Cassman, J. Brook, M. Tseng

1. Call to Order

Committee Chair Josh Powell called the meeting to order at 1:01 pm.

2. Roll Call

Acting District Secretary Margaret Tseng confirmed that a quorum of the Committee was present.

3. Public Comment

There were no comments.

4. Approval of Minutes of the Audit Committee Meeting of December 19, 2023

Motion/Second: Gee/Powell

Ayes: Gee, Powell

Noes: None

Absent: Mueller

5. Transportation Development Act SamTrans Triennial Performance Audit Report for Fiscal Years 2021 through 2023

Ladi Millard-Olmeda, Director, Budgets and Financial Analysis, reviewed the report and said there were no recommendations.

Committee Member Jeff Gee asked about the purpose of the audit. April Chan, General Manager/CEO, said it was critical to learn that the District is in compliance. Committee Member Gee asked how do we substantiate that this is a credible report. Ms. Chan said their consultant spent ample time auditing the records.

David Olmeda, Chief Operating Officer, Bus, said they compare the District's finances with other transit agencies to assure the public that the District is in compliance. He said they want the auditors to be comfortable with the data provided, including the generated raw data and how it is packaged for review. Ms. Millard-Olmeda said they had been working with the auditor from October 2023 through May 2024.

Committee Chair Powell asked what the audit revealed about the District to other agencies Ms. Chan stated that specific indicators were reviewed to determine trends to help with service operations. Ms. Chan noted that during the pandemic, the report revealed that SamTrans was still able to operate efficiently.

6. Adjourn

The meeting adjourned at 1:16 pm.

An audio/video recording of this meeting is available online at <https://www.samtrans.com/about-samtrans/video-board-directors-cac>. Questions may be referred to the District Secretary's office by phone at 650-551-6108 or by email to board@samtrans.com.

**San Mateo County Transit District
Staff Report**

To: Audit Committee
Through: April Chan, General Manager/CEO
From: Kate Jordan Steiner, Chief Financial Officer
Subject: **Acceptance of Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024**

Action

Staff proposes that the Committee recommend the Board of Directors (Board) of the San Mateo County Transit District (District) accept the District's Fiscal Year (FY) 2024 Annual Comprehensive Financial Report (ACFR).

The Fiscal Year 2024 ACFR is attached.

Significance

Annually, staff is responsible for preparation of an annual report on the financial position and financial results of the District. The District contracts with an independent auditor, Eide Bailly LLP, to conduct yearly audits of the Financial Statements 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 (GAGAS), issued by the Comptroller General of the United States. The independent auditor has provided an unmodified, or "clean," opinion on the Financial Statements.

The District presents these audited financial statements, along with the auditor's opinion thereupon, in a comprehensive document called the Annual Comprehensive Financial Report (ACFR). The ACFR serves as the District's primary source of disclosure to the public and to the financial community regarding the status of the District's financial position.

Budget Impact

There is no impact on the Budget.

Background

The ACFR is prepared in accordance with the guidelines set forth by the Government Accounting Standards Board and is organized into three sections – Introductory, Financial, and Statistical.

- The **Introductory** section includes a Transmittal Letter and provides general information on the District's structure, personnel, economic outlook, and finances.

- The **Financial** section includes audited financial statements which provide detailed financial information as well as comparative financial data. The Management Discussion & Analysis (MD&A) is also found in the Financial section. Along with the Transmittal Letter, the MD&A is of most interest to those looking for a narrative annual review of the District's finances.
- The **Statistical** section provides a broad range of data covering key financial trends including revenue and debt capacity, economic and demographic data, and operating information.

The Introductory section and the Statistical section presented in the ACFR are not required by California Government Code to be reported as part of the audited financial statements of the District. These sections are required when producing an ACFR which the District chooses to do in order to provide detailed information about the financial condition of the District in a form that is understandable to our customers and constituents.

Together, all sections of the ACFR provide the detail as well as the perspective with which to assess the District's financial condition.

The ACFR is prepared and presented to the Government Finance Officers Association (GFOA) for their review and evaluation, and to apply for the Certificate of Achievement for Excellence in Financial Reporting. The District has received the award for every year that the report has been submitted.

The ACFR draft being presented is the final draft. The complete signed package will be presented at the Board meeting on December 4, 2024.

Prepared By:	Kyle Huie	Acting Manager, Accounting	650-551-6180
	Annie To	Director, Accounting	650-622-7890

San Mateo County Transit District

San Carlos, California



Annual Comprehensive Financial Report

Fiscal Years Ended June 30, 2024 and 2023



DRAFT

This Page Intentionally Left Blank.

San Mateo County
TRANSIT DISTRICT

San Carlos, California

Annual Comprehensive Financial Report

Fiscal Years Ended June 30, 2024 and 2023

Prepared by the Finance Division

DRAFT

This Page Intentionally Left Blank.

San Mateo County Transit District

Table of Contents

June 30, 2024 and June 30, 2023

Introductory

Letter of Transmittal	i
Government Finance Officers Association (GFOA) Certificate of Achievement	xv
Board of Directors	xvi
Executive Management	xvii
Organization Chart	xviii
Maps	xix
Table of Credits	xxi

Financials

Independent Auditor’s Report	1
------------------------------------	---

Management’s Discussion and Analysis	4
--	---

Basic Financial Statements and Notes

Statements of Net Position	12
Statements of Revenue, Expenses, and Changes in Net Position	14
Statements of Cash Flows	15
Notes to the Financial Statements	18

Required Supplementary Information

Schedule of Changes in the Net OPEB Liability and Related Ratios	58
Schedule of OPEB Contributions	59
Schedule of Changes in the District’s Net Pension Liability and Related Ratios	60
Schedule of District’s Pension Contributions	61
Notes to Required Supplementary Information	62

Supplementary Information

Schedule of Revenues, Expenses, Capital Outlay, and Long-Term Debt Payment Comparison of Budget to Actual (Budgetary Basis)	63
Notes to Supplementary Information	64

Statistical Section

Financial Trends

Net Position and Change in Net Position	67
---	----

Revenue Capacity

Revenue Base and Revenue Rate	68
Overlapping Revenue	69
Principal Revenue Payers	70

Debt Capacity

Ratio of Outstanding Bonds	71
Bonded Debt	72
Direct and Overlapping Debt and Limitations	73
Pledge Revenue Coverage	74

Demographics and Economic Information

Population, Income and Unemployment Rates..... 75
Principal Employers..... 76

Operating Information

Ridership and Fares..... 77
Farebox Recovery and Miles..... 78
Employees (Full-Time Equivalents) 79
Capital Assets 80

DRAFT

Introductory

Letter of Transmittal

GFOA Certificate of Achievement

Board of Directors

Executive Management

Organization Chart

Maps

Table of Credits

DRAFT

DRAFT

This Page Intentionally Left Blank.



MMDDYY

**To the Board of Directors of the San Mateo
County Transit District and the Citizens of San
Mateo County
San Carlos, California**

**Annual Comprehensive Financial Report
Fiscal Year Ending June 30, 2024 (FY24)**

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the San Mateo County Transit District (District) for the Fiscal Year ended June 30, 2024 (FY24). This transmittal letter provides a summary of the District's finances, services, achievements, and economic prospects for readers without a technical background in accounting or finance. Readers desiring a more detailed discussion of the District's financial results may refer to the Management's Discussion and Analysis in the Financial Section.

Management assumes sole responsibility for all the information contained in this report, including its presentation and the adequacy of its disclosures. To the best of our knowledge, we believe this report to be complete and reliable in all material respects. To provide a reasonable basis for making this representation, we have established a comprehensive system of internal controls designed to protect the District's assets from loss, identify and record transactions accurately, and compile the information necessary to produce financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not exceed the likely benefits, the District's internal control system intends to provide reasonable (but not absolute) assurance that the financial statements are free from material misstatement.

To test the performance of the internal control system, the District contracted for independent auditing services from Eide Bailly LLP, a certified public accounting firm licensed to practice in the State of California. The auditor expressed an opinion that the District's financial statements are fairly stated in all material respects and in compliance with accounting principles generally accepted in the United States of America. This conclusion is the most favorable kind and is commonly known as an "unmodified" or "clean" opinion.

SECTION 1: PROFILE OF THE ORGANIZATION

Basic Information

The District is an independent political subdivision of the State of California, formed by the California State Legislature on August 14, 1974 and approved by San Mateo County voters in the general election that followed. San Mateo County is located on the peninsula south of the City and County of San Francisco, bordered on the west by the Pacific Ocean, on the east by the San Francisco Bay and on the south by the counties of Santa Clara and Santa Cruz.

The overall purpose of the District is to plan, develop, finance, and operate a modern, coordinated system of transportation that meets local mobility demands and promotes sound growth and economic development for the region. The District provides bus transit services throughout San Mateo County, north into downtown San Francisco, and south to Palo Alto in Santa Clara County. The District also operates paratransit and shuttle services, connecting rail stations to employment centers in San Mateo County. And the District is a partner in a three-agency joint powers authority that owns and operates Caltrain, a commuter rail service between San Francisco and Silicon Valley. In addition, the District collaborates with other transportation and transit agencies in the San Francisco Bay Area to coordinate transit connections and services. No other organization within San Mateo County has a similar scope of responsibility for public transportation.

History

On January 1, 1975, the District began consolidating 11 separate municipal bus systems in San Mateo County and initiated local bus service where none existed. By July 1976, the District had established a viable network of local bus service throughout a 446 square mile service area in the county. In 1977, the District added mainline service between Palo Alto and downtown San Francisco through a contract with Greyhound Lines, Inc. and inaugurated its Redi-Wheels demand response service for the mobility impaired. During its history of operations, the District has provided transportation to special events such as the Democratic National Convention, the Major League Baseball World Series and All-Star Games, the National Football League Super Bowl, World Cup Soccer and the American Public Transportation Association's Commuter Rail Conference.

The District has fought throughout its history to preserve passenger rail service along the San Francisco Peninsula and led a successful campaign in 1978 to avoid an impending decision by the Southern Pacific Transportation Company to discontinue the commuter rail service. Two years later, the California Department of Transportation negotiated a purchase of service agreement with the Southern Pacific to continue to operate the commuter rail service under the name "Caltrain" while the local counties determined if they could assume control of the corridor. As a result, the Peninsula Corridor Joint Powers Board (JPB) was formed with the three member agencies: City and County of San Francisco, San Mateo County Transit District, and Santa Clara Valley Transportation Authority. The Southern Pacific right-of-way from San Francisco to San Jose was purchased using California grants and District funds. District funds covered the local share of the purchase price (about \$82 million) on behalf of the three member agencies. The District was then selected as the Managing Agency for the locally controlled and operated Caltrain passenger service in 1992. Amtrak served as the JPB's operator until May 2012. After that, the contract to operate the rail passenger service was awarded by the JPB Board to Transit America Services Incorporated (TASI) after a competitive procurement process.

Governance

A nine-member Board of Directors governs the District. The publicly elected County Board of Supervisors appoints two of its own members and a public transportation expert to the District Board. The City Selection Committee appoints three elected city councilmembers that represent three different judicial districts within the county, bringing the District Board membership to six. These six members then select the remaining three board members from the general public, one of which must be a coastal resident, due to a geographical diversity policy in place for public members. The Board of Directors meets once a month to determine overall policy for the District. In addition, the Board has created a 15-member Citizens Advisory Committee (CAC) with the principal objective of articulating the interests and needs of current and future customers.

Administration

In addition to providing policy direction and administration of SamTrans, the District is also the managing agency for Caltrain and the San Mateo County Transportation Authority. And the District provides staffing to the San Mateo County Express Lanes Joint Powers Authority (Express Lanes JPA). The District’s current organizational structure includes changes made through a 2022 Memorandum of Understanding (MOU) on Caltrain governance between the JPB and its three member agencies, including the District. As a result of that MOU, the District remains the Managing Agency for the JPB. However, a new Caltrain Executive Director (ED) position was created that reports directly to the JPB’s Board of Directors (rather than the District’s Board of Directors or General Manager/CEO). Additionally, the Rail Division, and some new positions that were created in pursuant to the MOU, including a Chief of Staff and other directors, report to the Caltrain Executive Director. Those positions are shown in the Caltrain organization structure (which is shown separately in the Peninsula Corridor Joint Powers Board FY24 ACFR).

The *Bus Division* is responsible for SamTrans fixed-route bus service, paratransit services, microtransit services, shuttle service contracts, contracted urban bus services (CUB), quality assurance, non-revenue vehicles and facilities maintenance, intelligent transportation systems (ITS), and bus stops, all in full accord with the requirements of the Americans with Disabilities Act (ADA).

The *Communications Division*, a shared service that also supports Caltrain, TA, and the Express Lanes JPA, is responsible for customer service, marketing, sales, advertising, distribution services, public information, media relations, legislative activities, customer experience, and community outreach.

The *Executive Office* is responsible for directing and overseeing all activities and for providing support to the Board of Directors. This office also includes the Safety and Security, as well as the Board Secretary functions.

The *Finance Division*, also a shared service, is responsible for financial accounting and reporting, capital and operating budgeting, payroll and vendor disbursements, investments and cash management, debt management, revenue control, purchasing, contract administration, grant administration, financial planning and analysis, and risk management.

The *Division of Innovation and Technology (DoIT)*, another shared service Division, is tasked with overseeing and managing the District's innovation and technology functions. This includes critical areas such as Cybersecurity, Technology Infrastructure, Data Center Management IT Applications and Software,

Database Administration, Network Administration, and Systems Administration.

The *People and Culture Division*, also a shared service, is responsible for Office of Civil Rights (OCR), Employee and Labor Relations (ER), and Human Resources (HR) Services. OCR consists of Civil Rights and EEO; Diversity, Equity, Inclusion & Belonging (DEIB); Disadvantage and Small Business Enterprise (DBE/SBE) Administration; Contract (Labor) Compliance; and Title VI. ER consists of Employee and Labor Relations, Drug-free and Pull Notice Programs, Training and Development, and Employee Engagement. Human Resources consists of Benefits, Classification and Compensation, Employee Services (Day-to-Day Administration), Human Capital Management System (HCM), HR Policies, Leave of Absences (LOA), Retirement, Talent Acquisition (Recruitment), HR Strategies, and HR/Rail Shared Services.

The *Planning and Development Division* is responsible for the operations and strategic planning functions of the SamTrans system, as well as for the District's sustainability efforts which extends to Caltrain as well. In addition, the Division also oversees real estate leases and acquisition and disposal of properties for both SamTrans and Caltrain.

The *Transportation Authority Division* is responsible for operations of the San Mateo County Transportation Authority (the "TA"), which is governed by its own independent Board of Directors, and for implementation and oversight of voter-approved Transportation Expenditure Plans adopted as Measure A in 1988 and renewed in 2004, as well as a portion of the Congestion Relief Plan adopted as part of the District's Measure W in 2018.

Component Units

The District is a legally separate and financially independent entity that is not a component unit of San Mateo County or any other organization. The District administers various activities for SamTrans, as well as for other agencies:

1. The Peninsula Corridor Joint Powers Board (JPB), which operates Caltrain.
2. The San Mateo County Transportation Authority (TA), which administers the Expenditure Plan funded by a half-cent transportation sales tax approved by San Mateo County voters in 2004 which will continue in effect until 2034, in addition to 50% of Measure W which was approved by voters in November 2018.
3. The San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA).

These agencies have their own separate corporate identities and governance, and they are not component units of the District. Therefore, this ACFR and the financial statements contained within represent solely the activities, transactions and status of the District.

Budget

In FY23, after over four decades of annual budgets, the District moved to its first biennial budget cycle. The biennial budget cycle began with adoption of operating and capital budgets for FY24 and FY25. Instituting a biennial budget allows the District to focus on increasing access and mobility, reducing congestion, and promoting economic vitality in San Mateo County. Staff presented the first biennial budget to the Board of Directors in spring 2023, based on established agency goals, objectives, and performance measures. The Board of Directors monitors budget-to-actual performance through monthly staff reports. The Financial

Section of this report includes a supplemental schedule that compares actual results on a budgetary basis of accounting to the final adopted budgets.

Once adopted, the Board of Directors has the authority to amend the budget. While the legal level of budgetary control is at the entity level, the District maintains stricter control at division, departmental and line-item levels to serve various needs. Cost center managers monitor budget-to-actual performance on a monthly basis. The Board has delegated the authority to transfer budget amounts between divisions and departments to the General Manager/CEO or their designee. However, any increase to the expenditure budget as a whole requires the approval of the Board. In addition, the District uses the encumbrance system to reduce budget balances by issuing purchase orders to avoid over-commitment of resources.

The District employs the same basis of controls and accounting principles for both budgeted and actual revenues and expenditures. Proceeds from the sale of capital assets, unrealized investment gains and losses, and inter-fund transfers are not included in the budget. Pursuant to procedures established in its enabling legislation, the District establishes an appropriation limit for each annual budget cycle. The appropriation limit for Fiscal Year 2024 was \$264.4 million.

SECTION 2: FINANCIAL OUTLOOK & INITIATIVES

Financial Stability and Strategic Planning

From 1991 to 2003 the District funded into the BART system and agreed to fund a portion of the extension of BART into San Mateo County, taking on significant debt to do so. The District continually looks at ways in which to responsibly administer the debt it has assumed, and in 2015 issued bonds in the amount of \$211 million, which enabled the District to make payments to conclude the agreement for funding the extension of BART south to San Francisco International Airport (SFO), by refunding multiple prior issuances and restructuring them at lower rates.

In November 2018, voters in San Mateo County approved the Measure W half-cent sales tax. Starting in July 2019, the District began administering 50% of the funds received from Measure W, providing a supplemental resource to improve transit services and reduce travel times, and to fund a number of crucial capital projects, including the transition of the diesel to a zero-emission fleet. Measure W should materially improve the District's financial condition for years to come. The remaining 50% of Measure W is to be administered by the San Mateo County Transportation Authority.

Thanks to funding made available through Measure W, the District completed a Comprehensive Operational Analysis in March 2022, "Reimagine SamTrans," which included adoption of a new fixed-route bus network and associated service plan to be operationalized over the next several years. The first three phases of implementation for "Reimagine SamTrans" took place in August 2022 and June 2023, and February 2024. The final phase of implementation will take place in August 2024, culminating a multi-year effort to bring new routes and services to more places, at more times, and with more convenience to transit riders throughout San Mateo County.

The District launched a 10-year Strategic Plan project in May 2023 to cover the horizon planning years between 2025 through 2035. This planning effort will establish updated agency-wide goals, values and priority initiatives for the next 10 years, and will include a Measure W Budget Framework to guide specific

investments made with Measure W funds as well as an updated Capital Improvement Program (CIP) developed based on the strategic plan's goals, values and priorities within a financially constrained scenario. The 2025-2035 Strategic Plan, including budget framework and CIP, is expected to be complete by early 2025. More details on the Strategic Plan are provided in the Major Initiatives section below.

Local Economy

The Bay Area continues to rebound from the pandemic. Pricing pressures caused by inflation are still a concern. According to the U.S. Bureau of Labor Statistics' June 2024 report, inflation in the San Francisco Bay Area sits at 3.2 percent, above the United States at 3.0. Current Consumer Price Index (CPI) trends show optimism in the future for the economy, but the Federal Reserve continues to hold a hawkish stance, with commitment to easing inflationary pressures in the United States.

The Bay Area shows an overall decline in total jobs across most industries in the first half of calendar year 2024 (CY24) driven by losses in technology, professional and business services industries. Looking forward to the second half of 2024, factors such as the Federal Reserve's rate stance, the growth rate of the labor market, and challenges within the commercial real estate and residential housing markets across San Francisco, San Mateo, and Santa Clara counties could potentially stagger economic growth across all Bay Area industries.

According to the California Employment Development Department's (EDD) June report, the total jobs in the San Francisco-Redwood City-South San Francisco metropolitan division decreased by 0.6 percent, a total of 6,700 jobs lost year-over-year. The greatest job losses in the region occurred in information technology, losing 10,100 jobs, and professional and business services losing 7,400 jobs, reflecting layoffs observed throughout 2023 and 2024. These job losses were offset by year-over-year growth of 4,600 jobs in private education and health services and 3,600 jobs in leisure and hospitality.

As per the California EDD in June of 2024, unemployment rates in San Francisco, San Mateo, and Santa Clara counties were 3.6 percent, 3.5 percent, and 4.1 percent respectively. The total civilian labor force in San Francisco and San Mateo counties is down 1.8 percent, 17,800 jobs, from June 2023 to May 2024, and the unemployment rate has grown 0.3 percent from 3.2 percent in the same period.

SamTrans' transition to zero-emission buses continues to move forward in 2024. The California Transportation Commission (CTC) and the California State Transportation Agency (CalSTA) recently approved and allocated \$15 million dollars from the Transit and Intercity Rail Capital Program (TIRCP) to help SamTrans fund the continued acquisition of new zero-emission buses. As of June 2024, there are 17 battery-electric buses operating in service, and 20 more are preparing to be in operation by the end of the year. The agency is also preparing 10 hydrogen fuel cell electric buses to be rolled out in the coming months moving into the second half of 2024.

SamTrans total fixed-route ridership continues to recover from the pandemic. SamTrans bus routes have seen an average weekday ridership growth from the second half of 2023 into the first half of 2024, starting at an average of 25,808 weekday riders in July of 2023, to an average of 30,322 weekday riders in June of 2024. Post-pandemic SamTrans total fixed-route bus ridership recovery in June 2024 reached 90.7 percent of the pre-pandemic total bus ridership in June 2019.

Housing affordability in the entire Bay Area remains a constant concern moving forward into the second half of 2024. Concerning the housing market for existing single-family housing, according to the California Association of Realtors, the year-to-year percent change of single-family homes being sold in California was down 6 percent, while San Francisco County, San Mateo County, and Santa Clara County were up 20.4 percent, 13.4 percent, and 13.7 percent respectively. Single-family home prices in all three counties continue to rise year-to-year. As of May 2024, Santa Clara County is leading the percent price increase in the Bay Area with a year-to-year gain of 17.4 percent, followed by San Mateo County at 15.7 percent, and San Francisco County at an increase of 2.2 percent. As inflationary pressures, high interest rates, and a limited number of new buildings permitted within the Bay Area, people interested in owning a home are seeking housing outside the Bay Area.

San Mateo County's population has declined 4.73 percent since the 10-year peak in 2019 at 774,231 residents, to 737,644 residents in 2023. Given the previous population outlook of the San Mateo County, and the greater Bay Area, the population is still projected to decline in the next three years into 2027.

San Mateo, San Francisco, and Santa Clara counties per capita personal income continue to outpace the rest of California, seeing consecutive growth in income over the past three years. As per the San Mateo County 2023 annual comprehensive financial report, San Mateo County continues to be held as one of the most affluent regions in California, with the highest per capita income estimated at \$165,300 in 2022, which is a 3 percent increase from the counties' per capita income of \$160,485 in 2021.

Major Initiatives

The District plans to continue providing coordinated transit services including bus, paratransit, microtransit, shuttle services and supporting rail services. The Association of Bay Area Governments (ABAG) projections assume there will be intensified population growth along the El Camino Real Corridor, parallel to the Caltrain line. These projections also assume that there will be higher density development in all cities along this corridor, which will increase demand for transportation services. As a result, the District will focus on improving **service and transit priority infrastructure on the El Camino Real corridor** through the implementation of near-term, quick build transit priority treatments and the addition of more service on weekends on SamTrans' trunk route ECR, which operates countywide north-south on El Camino Real. The District will also be resuming the Grand Boulevard Initiative to take a leadership role in the creation of a true multi-modal El Camino Real corridor, with faster, more reliable bus service as a cornerstone of the available transportation options.

The District recently completed a **Bus Stop Improvement Plan (BSIP)** which calls for a major investment in amenities and customer experience improvements at bus stops throughout the SamTrans bus network. This plan was approved by the SamTrans Board of Directors in May 2024 and will move into implementation, seeking to deliver the first phase of priority bus stop improvements within 3-5 years. District staff have compiled a master listing of improvements along with their corresponding priorities to seven defined criteria. The lifecycle plan will include 330 new shelters, 650 shade structures and 580 benches across 1800+ bus stop locations. District's "Phase 1" efforts will focus on 225 designated sites which carry the highest priority ratings. Staff have already completed six bench installations (Phase 0) from existing materials within the initial 60 days. District has since engaged a design firm to provide detailed construction plans to internal/external stakeholders. Such plans are currently in process with a

tentative design completion in December 2024; bidding/award of contract by August 2025 and Phase 1 construction completed by January 2026. Subsequent phases will proceed sequentially through June 2029.

The District awarded MV Transportation a five-year contract in early 2024 to operate just under a third of the agency's fixed-route bus service. The contract, which provides **Contracted Urban Bus (CUB) Service**, runs from calendar year 2024 to 2029 and restricts expenses during those five years to \$151.2 million. Award of the contract provides SamTrans with an experienced firm responsible for operating, dispatching, managing, and maintaining the district-provided buses for CUB Services in a safe, timely and professional manner. Additionally, the contractor will provide appropriate vehicle storage and maintenance facilities.

The District plans to design, procure, and construct permanent or semi-permanent **operator restrooms**. An \$11.3M project from FY24 to FY32 for 20-40 sites. Benefits of these plans will include providing the District the ability to meet operators' need to have a safe, clean facility to use while on the job, support talent acquisition by providing a desired amenity that is properly maintained, achieve parity with other services and departments that provide staff amenities, support overall efficiency of transit operations and related operational needs. District's "Bus Operator Restrooms Phase 1" efforts are focused on four designated 'pilot sites' which were collaboratively selected by stakeholder departments. District has since retained a design firm to assess pilot sites and to guide District staff in weighing options which vary across 20-40 locations. Staff/designers have jointly completed site visits and stakeholders will review preliminary plans by early August 2024. Once plans/options are defined at the conceptual level, then construction details will begin in earnest. District will further engage property owners and public utilities to gain easements and Right-of-Way agreements critical to installing and maintaining these restroom facilities. Tentative plans for the four pilot sites have design completion in January 2025; bidding/award of contract by August 2025 and construction of the pilot sites completed by July 2026. The knowledge and experience gained by these pilot sites should greatly improve District's turnaround time and quality factors for all subsequent Bus Operator Restrooms.

In summer 2023, the District started a strategic planning process to develop an updated mission, vision, core values and goals that will guide the District for the next 10 years, through 2035. The **strategic plan** will provide direction for the District both organizationally and programmatically; align the District's plans, services, and programs around a common vision and goals; account for changing travel patterns and workforce trends; and guide the development of 10-year capital and Measure W investment plans. In FY24, staff conducted extensive internal engagement with all levels of District staff, conducted workshops with the Board of Directors and Executive Team, and sought input from external stakeholders and the community. As of August 2024, the draft strategic plan is nearly completed, and the plan will be presented to the Board for adoption in late 2024. Following adoption of the Strategic Plan, staff will begin working on an implementation process, which will outline how the District intends to accomplish the initiatives outlined in the strategic plan, including how progress will be measured and tracked. As part of the strategic planning process, the District is also developing two 10-year plans – a **Capital Improvement Plan** and a **Measure W Budget Framework** – to align spending priorities with the strategic plan and, in the case of Measure W, maintain consistency with the Measure W Guiding Principles. In FY24, District staff developed an unconstrained prioritized project list of capital projects and eligible Measure W projects for FY26-35. Currently, staff is developing a 10-year funding forecast to understand the level of funding that may be available (and external funding that will need to be secured) to deliver the priority projects under these two programs. The final Capital Improvement Program and Measure W Budget Framework are expected for board approval in early 2025.

The District has committed significant resources to supporting regional transportation options. These include sustainable transportation and interconnectivity over the next several years as local agencies are encouraged to implement Transportation Systems Management plans designed to reduce highway congestion and improve air quality. Continuing a long history of serving San Mateo County residents with mobility impairments, the District will also manage the demand for paratransit services.

The District has been investing in **zero-emission bus technology** to advance California’s climate change and energy policy goals. In late FY22, the District purchased 37 battery electric buses (BEB’s) and 10 fuel cell electric buses (FCEBs). Per the California Air Resource Board's (CARB) Innovative Clean Transit (ICT) regulation, The District submitted the SamTrans ICT Plan in May 2021. The plan, which was approved by CARB, reflects the District’s commitment to accelerate compliance with the State’s regulation by replacing its entire fleet with zero-emission technology and providing zero emission transportation in advance of the State’s 2040 deadline. An updated ICT Plan was approved by the Board in December 2023 to adjust the types of technology the District will be investing, as well as the timing, in order to achieve the zero emission goals. In late FY23, the first of (17) battery electric buses entered revenue service. In late FY24, the District issued a contract to purchase 108 FCEBs to replace diesel buses. These buses are anticipated to be delivered by late 2027, which will make a significant impact towards reducing greenhouse gases in SamTrans’s service area.

The District has implemented three of four phases of **“Reimagine SamTrans”** providing fixed route bus service changes consistent with the plan’s recommendations. In 2023, the District launched a microtransit service called “SamTrans Ride Plus” in two areas of San Mateo County. “Reimagine SamTrans” called for increased frequency and off-peak services, new limited stop routes, consolidated routes, and the new microtransit service. More information on “Reimagine SamTrans” can be found at <https://www.samtrans.com/planning/reimaginesamtrans>.

The District also began work to repair, modify, and/or replace its **major facilities**. The following work is underway:

1. North Base Bus Transportation Building 200: Field investigations and independent evaluations completed in 2010 and 2019 for North Base’s Building 200 and the surrounding area have determined that extensive settlement has occurred and will likely continue. The resulting building assessment recommends the removal and replacement of the existing structure to ensure the safety, functionality, sustainability, durability, and cost-effectiveness for SamTrans bus operations, employees, and visitors. During the next two years, the District will complete engineering design studies and conduct the procurement process to provide temporary accommodation for building occupants, demolish Building 200, and begin construction of a new building.
2. North Base and South Base: A project is underway to assess the North Base and South Base structures and facilities to develop recommendations to repair, modify and/or replace the buildings. The project will also fund work by an architectural and engineering firm to conduct a systematic field survey of both the facilities, establish reliable baseline civil data, and develop computer-aided design and drafting (CADD) files to allow effective planning and execution of construction projection.
3. West Base Colma Training Facility: In support of the Innovative Clean Transit (ICT) capital

projects taking place at the North Base and South Base, as well as adding bus operator training capacity to support Re-Imagine, the District invested \$550K to establish a new temporary training facility at the Colma-BART Park-n-Ride lot. The temporary trailers provide additional training capacity that enabled the District to execute monthly classes that included classroom instruction and behind the wheel training.

4. Additionally, the District's Adaptation and Resilience Plan identifies the District's vulnerability to sea level rise, floods and heat-related climate change impacts and provides potential action alternatives to improve resilience, a particular concern for the North Base and South Base operations and maintenance facilities, which are located near the San Francisco Bay. In the next two years the District will develop conceptual design plans and obtain the required environmental clearances for the associated project(s).
5. District Headquarters Building (San Carlos): The District headquarters building was constructed in the mid-1970s to serve as the headquarters of Eureka Federal Savings and Loan. The District purchased the current facility in May 1990. Since the early 2000s, the District has been addressing the efficiency and functionality of the headquarters building. In 2019 the Board began to seriously evaluate options for the potential rehabilitation or reconstruction of the building on its current site. More recently, based on current real estate market dynamics, a third option, to acquire an office building in San Mateo County, became more feasible. In August 2023 the Board directed staff to pursue acquisition of a new headquarters building in the County, subject to certain parameters. In December 2023 the Board authorized the General Manager to enter into a lease-to-purchase agreement for an approximately 180,000-square-foot office building located at the Gateway at Millbrae Station, adjacent to a transit center serving SamTrans, Caltrain, BART, and commuter shuttles. Gateway at Millbrae Station is part of a transit-oriented development constructed by Republic Urban Properties in conjunction with The Core Companies, on a ground lease from BART. The development brings together market rate, veteran and affordable housing, modern offices and walkable retail, dining, services, a hotel and ample outdoor space. SamTrans staff has been working closely with the new owner of the building, Swift Real Estate Partners which purchased the office building from Republic Urban Properties in mid-2024, to complete the warm-up of the shell and as well as tenant improvements by the end of 2025. SamTrans staff is in the process of working with an ad-hoc committee and the full Board to develop a Transit-oriented Development and Property Disposition Policy, which will incorporate Board direction on the future of the current headquarters building in San Carlos.
6. The Division of Innovation and Technology has established three fundamental focus areas, each indispensable to technology metamorphosis:
 - I. Technology Modernization: Embracing cutting-edge technologies and leveraging cloud-based solutions, it will fortify our technology infrastructure, ensuring its agility, robustness, and adaptability for the challenges ahead. A few major initiatives include implementing a new Enterprise Asset Management, Enterprise Resource Planning modernization and Enterprise Content Management Systems.
 - II. Cybersecurity Program: Recognizing the sanctity of our organization's data and assets, IT will implement comprehensive security measures, including advanced threat

detection, meticulous security audits, and employee awareness training, to reinforce our cybersecurity defenses.

- III. Data-Driven Decision Making: Utilizing data analytics and insights, Data and Analytics program will be implemented that will allow strategic decision making that will propel our organization towards a brighter future, fostering a culture of unceasing growth and improvement.

Each of these focus areas have objectives and priorities assigned that will be converted to actionable projects over the next 3 to 5 years.

7. Pension Liability Management: On May 3, 2023, the Board of Directors established a California Employers' Pension Prefunding Trust (CEPPT) Account for the District with the California Public Employees' Retirement System (CalPERS) and directed the staff to open and fund the trust account over FY23 and FY24 with a \$21 million pension prepayment reserve fund contribution that was included in the District's FY23 Operating Budget. As of June 30, 2024, the full \$21 million is held by CalPERS and had a market value of \$22 million as of June 30, 2024.

Motor Bus Operations

The District designs its bus services to meet the needs of San Mateo County residents, workers, and visitors. Bus service is offered throughout San Mateo County and into select areas of San Francisco and Palo Alto. Many bus routes make connections to Caltrain, BART, and the SFO. Each bus has a bicycle rack, allowing for multimodal use. Starting in 2019, all fixed route buses provide on board Wi-Fi, and new buses will arrive with USB charging stations. SamTrans provides transportation services from early morning until just past midnight. Fixed-route bus ridership peaked in San Mateo County at 20.9 million in 1982, but later declined to 12.4 million in 2013. The implementation of the SamTrans Service Plan, adopted in May that same year, resulted in an initial increase in ridership, which grew 3.0 percent in FY14 and another 2.9 percent in FY15. However, ridership declined again by 2.8 percent in FY16, and the drop persisted through FY19. SamTrans started to see an increase in ridership beginning in August 2019 with the launch of its new Foster City-San Francisco Commuter Express Bus service (Route FCX). The COVID-19 pandemic had significant negative impact on ridership. Over the past three years, SamTrans ridership has continued to recover, reaching 10.0 million trips in FY24 (90% of FY19 (pre-COVID-19) levels) compared to 4.5 million trips in FY21.

Paratransit Services

The District provides accessible transportation services throughout San Mateo County with fixed-route, Redi-Wheels and RediCoast services. The entire fleet of fixed-route buses is equipped with wheelchair ramps and a kneeling feature. Redi-Wheels and RediCoast members and their Personal Care Attendants are allowed to ride all fixed-route SamTrans buses for free at all times. For persons with disabilities who cannot use fixed-route buses, the District provides Redi-Wheels and RediCoast as alternatives. The COVID-19 pandemic had significant ridership implications for the paratransit riders and ridership recovered to 66% of FY19 (pre-COVID-19) levels in FY24.

District's role as a Managing Agency: Caltrain

Since 1992, the District has served as the managing agency of Caltrain providing shared services staff, to support the operation of commuter rail service on the 77-mile corridor between San Francisco and Gilroy.

In September 2024, Caltrain completed a \$2.44 billion dollar Peninsula Corridor Electrification Project (PCEP), which includes the installation of electric infrastructure and the procurement of new, high-performance zero emission trains. The new electrified Caltrain service is expected to increase the ridership capacity of the system, decrease travel times, and enhance the overall customer experience. Electrified Caltrain mainline service began in September 2024.

As referenced above, in August 2022, a Memorandum of Understanding was signed between Caltrain Board of Directors, Santa Clara Valley Transportation Authority (VTA), the District, and the City and County of San Francisco (CCSF). The MOU affirmed that the District would remain the Managing Agency for Caltrain, with some modifications laid out in the MOU. It also outlined the repayment of the outstanding balance of funds owed to the District by Metropolitan Transportation Commission (MTC), CCSF and VTA for funds put forth by the District to purchase and preserve the Peninsula rail corridor in 1991. Furthermore, the parties to the MOU agreed to establish a new Caltrain Executive Director position that will report to the JPB Board of Directors, and to have certain functions within the Rail Division report directly to the Caltrain Executive Director. Those functions include Rail Operations and Maintenance, Rail Planning, Rail Contracts and Budgets, Rail Development, and the Peninsula Corridor Electrification Project (PCEP). Five new positions were also created by the MOU to report to the Caltrain Executive Director: Chief of Staff, Director of Government and Community Affairs, Director of Budgets and Financial Analysis, Director of Real Estate, and Director of Grants and Fund Management. The MOU also provides for repayment of the District's initial investment in the Caltrain Right of Way; upon repayment, the District is required to reconvey its tenancy in common interest in the Right of Way to the JPB. The repayment was completed in FY24, and the District is in the process of reconveying its interest to the JPB.

District staff produce a separate ACFR for the JPB, which can be viewed online:

<https://www.caltrain.com/about-caltrain/statistics-reports/annual-comprehensive-financial-reports>

District's role as a Managing Agency: San Mateo County Transportation Authority (TA)

The District also provides staff and administrative support for the TA, which programs and appropriates funds from a two half-cent county sales taxes. The voters first authorized Measure A in 1988 and then approved its reauthorization in November 2004. The current Measure A runs through December 2033.

The TA programs and allocates sales tax revenues to designated project sponsors that are responsible for delivering a broad spectrum of transportation projects and programs pursuant to a Transportation Expenditure Plan (TEP). The TEP includes these six program categories: Transit, Highways, Local Streets/Transportation, Grade Separations, Pedestrian and Bicycle, and Alternative Congestion Relief Programs. The TA is also a member of the San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA) formed to own, manage, operate, and maintain Express Lanes along the US101 corridor in San Mateo County. The District and its JPA partner, the City/County Association of Governments of San Mateo County (C/CAG), both provide staff and administrative support for the SMCEL-JPA.

In November 2018, San Mateo County voters approved Measure W, another sales tax measure that provides an additional half-cent sales tax for 30 years to fund countywide transportation and traffic congestion solutions in San Mateo County. The District imposes the tax and administers the investments

in the County Public Transportation Systems Program Category in the associated Measure W Congestion Relief Plan, which represents 50% of the proceeds. Pursuant to Measure W, the District has designated the TA to administer the remaining 50 percent of Measure W sales tax proceeds in the following five categories:

1. Countywide Highway Congestion Improvements
2. Local Safety, Pothole and Congestion Relief Improvements
3. Grade Separations
4. Bicycle and Pedestrian Improvements
5. Regional Transit Connections

The TA programs and allocates the sales tax revenues to designated project sponsors that are responsible for delivering a broad spectrum of transportation projects and programs. The TA also provides technical assistance to project sponsors, sponsors projects of countywide significance, and engages in planning efforts to help projects come to completion pursuant to a Transportation Expenditure Plan (TEP). The TEP includes these six program categories: Transit, Highways, Local Streets/Transportation, Grade Separations, Pedestrian and Bicycle, and Alternative Congestion Relief Programs.

The TA is a co-sponsor of the San Mateo County 101 Express Lane Project and a member of the San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA) formed to own, manage, operate, and maintain Express Lanes along the 101 Highway corridor in San Mateo. The District and its JPA partner, the City/County Association of Governments of San Mateo County (C/CAG), both provide staff and administrative support for the SMCEL-JPA.

In total, the TA programs and appropriates funds for a combined $\frac{3}{4}$ -cent sales tax, including $\frac{1}{2}$ -cent from the sales tax measure reauthorized in 2004, and $\frac{1}{4}$ -cent from the Measure W sales tax enacted in 2018.

District staff produce a separate ACFR for the Transportation Authority, which can be viewed online: <https://www.smcta.com/resources/finance/annual-comprehensive-financial-reports>

ACKNOWLEDGMENTS AND AWARDS

The District staff bring an effective combination of skill, experience, and dedication in carrying out the District's mission. Together, they plan, develop, and finance the creation of a modern, coordinated multimodal transportation system offering convenient access to the many attributes of the Bay Area and beyond.

The Government Finance Officers Association (GFOA) recognized the District's FY23 Annual Comprehensive Financial Report for excellence in financial reporting and the Certificate of Achievement appears immediately following this transmittal letter. To be awarded a certificate, a report must be easy to read and efficiently organized, while satisfying both generally accepted accounting principles and applicable legal requirements. We believe our Fiscal Year 2024 ACFR also meets the requirements for a Certificate of Achievement, and we will submit it to the GFOA for evaluation. We would like to thank our independent audit firm, Eide Bailly LLP, for its timely and expert guidance in this matter.

An ACFR requires the dedicated effort of many individuals working together as a team. We extend our grateful recognition to all the individuals who assisted in both the preparation of this report and the processing of financial transactions throughout the Fiscal Year. Finally, we wish to thank the Board of Directors for their interest and support in the maintenance and development of a reliable financial management and reporting system.

Respectfully,

April Chan
General Manager/CEO

Kate Jordan Steiner
Chief Financial Officer

DRAFT

San Mateo County Transit District
Government Finance Officers Association (GFOA) Certificate of Achievement
June 30, 2024



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**San Mateo County Transit District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

MARINA FRASER, Chair

JEFF GEE, Vice Chair

DAVID J. CANEPA

MARIE CHUANG

BROOKS ESSER

RICO E. MEDINA

RAY MUELLER

JOSH POWELL

PETER RATTO

San Mateo County Transit District
Executive Management
June 30, 2024

GENERAL MANAGER/CEO

April Chan

DEPUTY GENERAL MANAGER/CEO

David Santoro

EXECUTIVE OFFICERS

Emily Beach - Chief Communications Officer

Nate Kramer - Chief People & Culture Officer

Mehul Kumar - Chief Information & Technology Officer

Josh Mello - Executive Officer, Planning & Development

David Olmeda - Chief Operating Officer, Bus

Margaret Tseng - Executive Officer, Acting District Secretary

Peter Skinner - Executive Officer, Transportation Authority

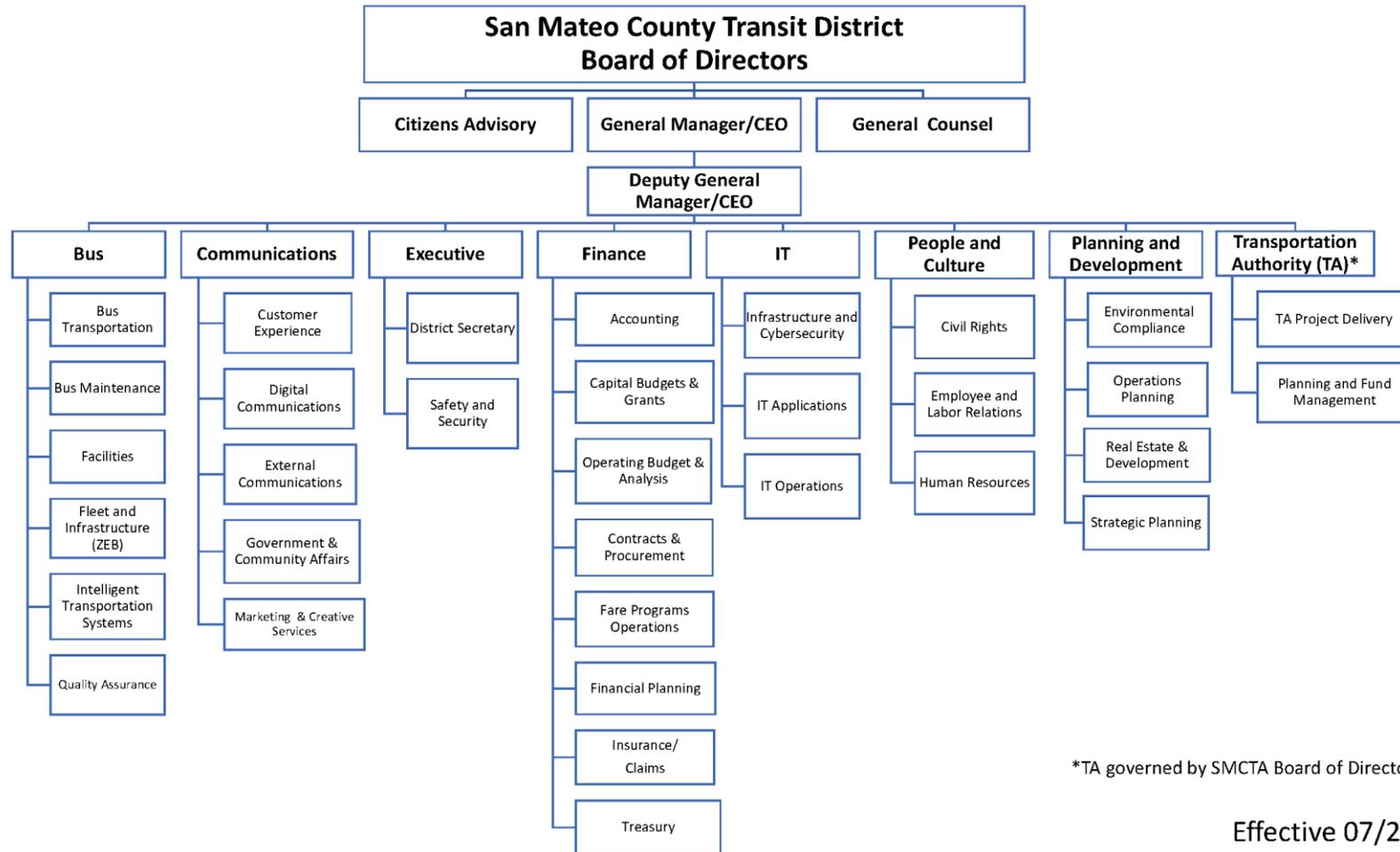
Kate Jordan Steiner - Chief Financial Officer

GENERAL COUNSEL

Hanson Bridgett LLP

Joan Cassman, Esq.

San Mateo County Transit District
Organization Chart
June 30, 2024



*TA governed by SMCTA Board of Directors

Effective 07/2024

SAN MATEO COUNTY, CALIFORNIA





San Mateo County Transit District

Table of Credits

June 30, 2024

The following individuals contributed to the production of the Fiscal Year 2024 Annual Comprehensive Financial Report:

Finance

Chief Financial Officer	Kate Jordan Steiner
Director, Accounting	Annie To
Manager, Financial Reporting	Danny Susantin
Acting Manager, Accounting	Kyle Huie
Manager, Treasury Debt & Investment	Kevin Beltz

Audit Firm

Partner	Ahmad Gharaibeh, CPA
Senior Manager	Joe Escobar, CPA, CGFM

DRAFT

Financial

Independent Auditor’s Report

Management’s Discussion and Analysis

Basic Financial Statements:

- Statement of Net Position
- Statement of Revenue, Expenses, and Changes in Net Position
- Statement of Cash Flows
- Notes to the Financial Statements

Required Supplementary Information

- Schedule of Changes in Net OPEB Liability and Related Ratios
- Schedule of OPEB Contributions
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Pension Contributions

Supplementary Information

- Schedule of Revenues, Expenses, Capital Outlay and Long-Term Debt Payment Comparison of Budget to Actual (Budgetary Basis)

Notes to Supplementary Information

Independent Auditor's Report

To the Board of Directors of the
San Mateo County Transit District
San Carlos, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the San Mateo County Transit District (District) as of and for the years ended June 30, 2024 and June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2024 and June 30, 2023, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated [REPORT DATE] on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.

Draft

Menlo Park, California

Report Date

DRAFT

This Page Intentionally Left Blank.

Management's Discussion and Analysis
June 30, 2024

San Mateo County Transit District

DRAFT

San Mateo County Transit District
Management's Discussion and Analysis
June 30, 2024 and June 30, 2023

Management's Discussion and Analysis

This discussion and analysis of the San Mateo County Transit District's (District) financial performance provides an overview of the District's activities for Fiscal Years ended June 30, 2024 and June 30, 2023, with comparisons to the prior two Fiscal Years. We encourage readers to consider the information presented here in conjunction with the transmittal letter contained in the Introductory Section and with the statements and related notes contained in the Financial Section.

Financial Highlights

- On June 30, 2024, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by \$567.1 million (*net position*). Of this amount, a surplus net position of \$366.7 million represents the unrestricted net position. On June 30, 2023, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by \$456.7 million. Of this amount, a surplus net position of \$278.3 million represents the unrestricted net position.
- The District's total net position increased by \$110.5 million in Fiscal Year 2024 and increased by \$105.4 million in Fiscal Year 2023. The increase in Fiscal Year 2024 was mainly due to the operating assistance (including transaction and use tax) exceeding the operating expenses, depreciation and amortization by \$35.3 million, increases of \$20 million from capital contributions, and increases of \$15 million in investment income. The increase in Fiscal Year 2023 was mainly due to the operating assistance (including transaction and use tax) exceeding the operating expenses, depreciation and amortization by \$80.4 million and increases of \$19.9 million in investment income.

Overview of the Financial Statements

The Financial Section of this report presents the District's financial statements as two components: basic financial statements and notes to the financial statements. It also includes other supplemental information in addition to the basic financial statements intended to furnish additional detail to support the basic financial statements themselves.

Basic Financial Statements

The *Statement of Net Position* presents information about assets, deferred outflows and liabilities and deferred inflows with the difference between the four reported as *net position*. The change in net position over time is an indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* reports how net position has changed during the year and presents a comparison between operating revenues and operating expenses. Operating revenues and expenses are related to the District's principal business of providing bus transit services. Operating expenses include the cost of direct services to passengers, administrative expenses, contracted services, and depreciation on capital assets. All other revenues and expenses not included in these categories are reported as nonoperating.

San Mateo County Transit District
Management's Discussion and Analysis
June 30, 2024 and June 30, 2023

The *Statement of Cash Flows* reports inflows and outflows of cash and is classified into four major components:

- *Cash flows from operating activities* which includes transactions and events reported as components of operating income in the statement of revenues, expenses, and changes in net position.
- *Cash flows from non-capital financing activities* which includes operating grant proceeds as well as operating subsidy payments from third parties and other nonoperating items.
- *Cash flows from capital and related financing activities* which arise from the borrowing and repayment (principal and interest) of capital-related debt, the acquisition and construction of capital assets and the proceeds of capital grants and contributions.
- *Cash flows from investing activities* which includes the proceeds from the sale of investments and receipt of interest. Outflows in this category include the purchase of investments.

Notes to the Financial Statements

Various notes provide additional information that is essential to a full understanding of the information provided in the basic financial statements and are found immediately following the financial statements to which they refer.

Other Information

This report also presents certain required supplementary information in accordance with the requirements of generally accepted accounting principles providing information about the status of the District's pension liability for its public employee retirement system and information about its other post-employment benefits unfunded liability. Additional supplementary information and associated notes concerning compliance with the District's annual budget appear immediately following the required supplementary information.

Analysis of Basic Financial Statements

In Fiscal Year 2024, total assets and deferred outflows were \$992.7 million, an increase of \$100.1 million or 11.2% compared to June 30, 2023. In Fiscal Year 2023, total assets and deferred outflows were \$892.7 million, an increase of \$143.5 million or 19.2% compared to June 30, 2022. Total current assets increased by \$5.0 million or 1.1% to \$458.2 million on June 30, 2024, from \$453.1 million on June 30, 2023, and increased by \$136.2 million or 43.0% on June 30, 2023 compared to June 30, 2022. Capital assets net of accumulated depreciation and amortization increased by \$21.5 million or 14.0% to \$175.1 million on June 30, 2024, compared to 2023 and decreased by \$7.5 million or 4.7% in 2023 compared to 2022. Land, buses, and related equipment and building and related improvements comprise most of the District's capital assets.

San Mateo County Transit District
Management's Discussion and Analysis
June 30, 2024 and June 30, 2023

Condensed Statements of Net Position
(in thousands)

	2024	2023	2022
Assets			
Current assets	\$ 458,187	\$ 453,143	\$ 316,921
Capital assets, net of depreciation and amortization	175,065	153,562	161,066
Other noncurrent assets	306,679	229,373	244,236
Total Assets	939,931	836,078	722,223
Deferred Outflows of Resources	52,805	56,584	26,950
Liabilities			
Current liabilities	76,608	66,264	49,510
Long-term debt	145,322	159,621	173,582
Other noncurrent liabilities	119,975	125,930	56,993
Total Liabilities	341,905	351,815	280,085
Deferred Inflows of Resources	83,713	84,181	117,791
Net Position			
Net investment in capital assets	173,842	151,793	159,345
Restricted	26,602	26,601	26,599
Unrestricted	366,674	278,272	165,353
Total Net Position	\$ 567,118	\$ 456,666	\$ 351,297

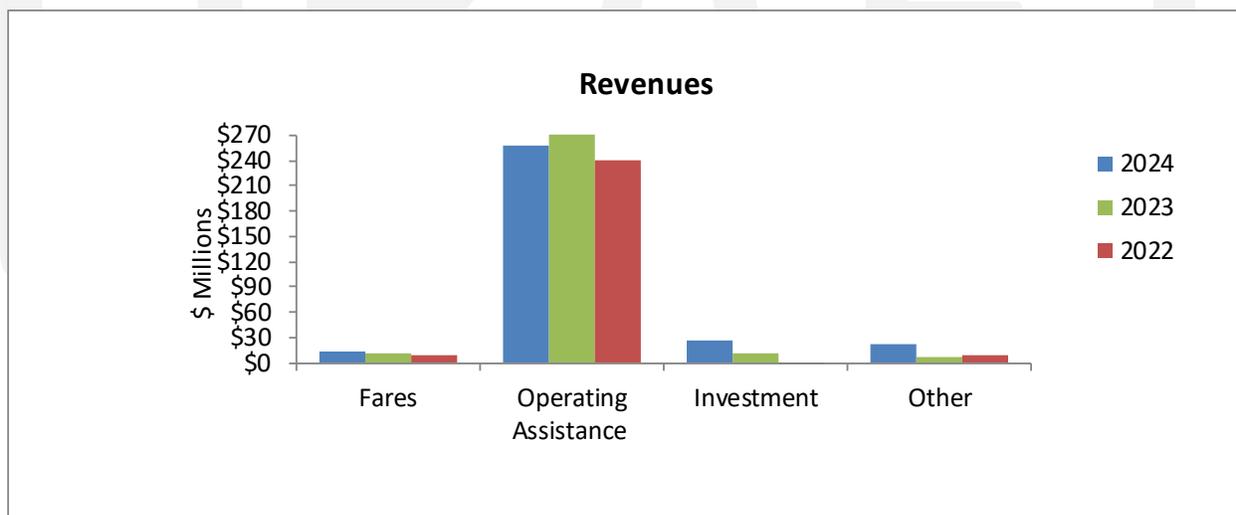
In Fiscal Year 2024, total liabilities and deferred inflows of resources were \$425.6 million, a decrease of \$10.4 million or 2.4% compared to Fiscal Year 2023. In Fiscal Year 2023, total liabilities and deferred inflows of resources were \$436.0 million, an increase of \$38.1 million or 9.6% compared to 2022. The decrease for 2024 was mostly due to decreases of \$3.4 million in other noncurrent liabilities, \$9.3 million in Net Other Post-Employment Benefits (OPEB) liability, and \$1.9 million in Deferred inflows related to pension, partially offset by increases in Accounts payable, accrued expenses and Deferred inflows related to OPEB. The increase for 2023 was mostly due to increases of \$3.1 million in self-insurance liabilities, \$9.2 million in Unearned revenue, \$2.9 million in Net Other Post-Employment Benefits (OPEB) liability, and \$22.1 million in Net pension Liability, partially offset by increases in Deferred inflows related to OPEB, Deferred inflows related to pension.

San Mateo County Transit District
Management’s Discussion and Analysis
June 30, 2024 and June 30, 2023

- On June 30, 2024, net position was \$567.1 million, an increase of \$110.5 million or 24.2% compared to \$456.7 million on June 30, 2023. On June 30, 2023, net position increase was \$105.4 million or 30.0% higher than June 30, 2022. The net investment in capital assets was \$173.8 million on June 30, 2024. Total restricted net position on June 30, 2024 was \$26.6 million. The remaining \$366.7 million of total net position on June 30, 2024, was unrestricted net position. The District reported a positive unrestricted net position, mainly due to the operating assistance (including transaction and use tax) exceeding the operating expenses, depreciation and amortization by \$35.3 million, increases of \$20 million from capital contribution, and increases of \$15 million in investment income.

Revenue Highlights

Operating revenues generated from passenger fares of \$12.7 million increased by \$1.5 million or 13.3% during Fiscal Year 2024 compared to Fiscal Year 2023 and increased by \$2.3 million or 26.0% in Fiscal Year 2023 compared to Fiscal Year 2022. The increase for Fiscal Year 2024 was a result of strong fixed route ridership recovery and the increase for Fiscal Year 2023 was a result of a continued increase in ridership from the impact of COVID-19 pandemic.

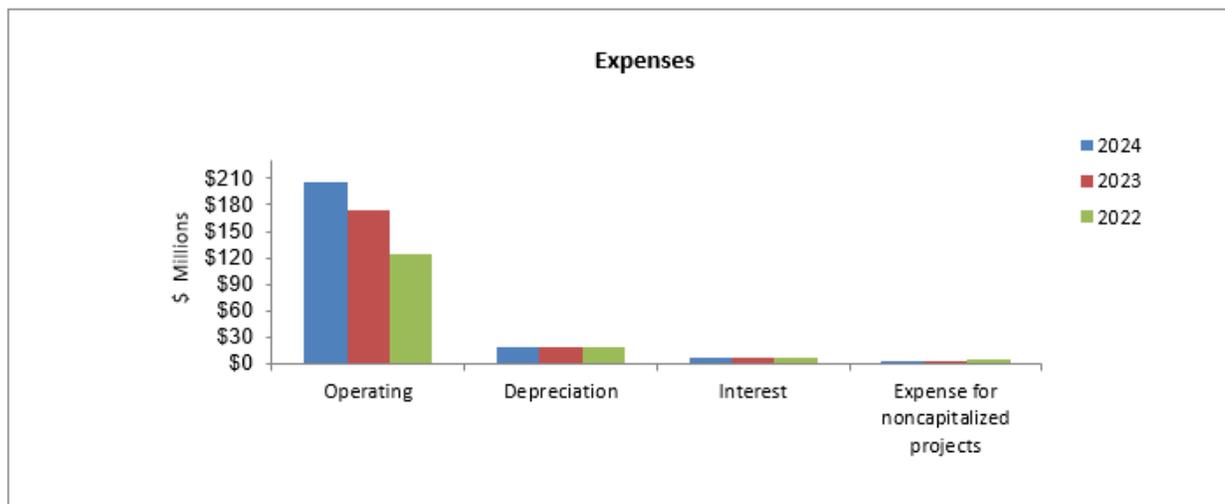


In Fiscal Year 2024, nonoperating revenues increased by \$15.5 million or 5.3% to \$306.0 million. The increase was mainly due to increase in investment income and other income. Operating assistance of \$258.5 million accounted for the majority of Fiscal Year 2024 nonoperating revenues. This amount consisted of 67.0% from transaction and use tax, 21.9% from local transportation funds, and 11.1% from others. In Fiscal Year 2023, nonoperating revenues increased by \$49.3 million or 20.4% to \$290.5 million. The increase was mainly due to operating assistance, other income, and investment income. Operating assistance of \$272.5 million accounted for the majority of Fiscal Year 2023 nonoperating revenues. This amount consisted of 64.8% from transaction and use tax, 20.6% from local transportation funds, and 14.6% from others.

San Mateo County Transit District
Management’s Discussion and Analysis
June 30, 2024 and June 30, 2023

Expense Highlights

In Fiscal Year 2024, total operating expenses (excluding depreciation) were \$205.7 million, an increase of \$31.9 million or 18.4% compared to Fiscal Year 2023. The increase was driven by increases in salaries and benefits, contract operations and maintenance services, and provisions for claims and claims adjustment. The increases in salaries and benefits were mainly due to a reduction in employee vacancies and adjustments related to GASB 68 pension reporting requirements. Additionally, the increases in contract operations and maintenance services were a result of higher service miles and adjustments to contracted rates. In Fiscal Year 2023, total operating expenses (excluding depreciation) were \$173.8 million, an increase of \$49.0 million or 39.3% compared to Fiscal Year 2022. The increase was due to an increase in salaries and benefits, contract operations and maintenance services, materials and supplies, and provisions for claims and claims adjustment. The increase in salaries and benefits were mainly due to a rise in the fringe benefits rate and adjustments related to GASB 68 pension reporting requirements. Depreciation and amortization expenses were \$17.5 million and \$18.4 million for Fiscal Year 2024 and Fiscal Year 2023 respectively, a \$0.9 million or 4.8% decrease in Fiscal Year 2024 compared to Fiscal Year 2023 and \$0.3 million or 1.7% decrease in Fiscal Year 2023 compared to Fiscal Year 2022.



- In Fiscal Year 2024, nonoperating expenses were \$9.1 million, an increase of \$0.8 million or 9.6% compared to Fiscal Year 2023. The increase was due to higher expense for noncapitalized projects. In Fiscal Year 2023, nonoperating expenses were \$8.3 million, a decrease of \$2.9 million or 26.1% compared to Fiscal Year 2022. The decrease was due to less expense for noncapitalized projects.

San Mateo County Transit District
Management's Discussion and Analysis
June 30, 2024 and June 30, 2023

Condensed Statements of Changes in Net Position
(in thousands)

	2024	2023	2022
Operating revenues-passenger fares	\$ 12,719	\$ 11,226	\$ 8,913
Operating expenses-transit services	205,664	173,746	124,707
Operating loss before depreciation and amortization	(192,945)	(162,520)	(115,794)
Depreciation and amortization	(17,514)	(18,394)	(18,711)
Operating loss	(210,459)	(180,914)	(134,505)
Nonoperating revenues			
Operating assistance	258,451	272,494	241,629
Investment income	26,587	11,671	(8,188)
Other income, net	20,934	6,321	7,755
Total Nonoperating revenues	305,972	290,486	241,196
Nonoperating expenses			
Interest expense	(6,289)	(6,644)	(7,045)
Expense for noncapitalized projects	(2,788)	(1,635)	(4,155)
Total Nonoperating expenses	(9,077)	(8,279)	(11,200)
Net gain before capital contributions	86,436	101,293	95,491
Capital contributions	24,016	4,076	3,124
Change in net position	110,452	105,369	98,615
Net position - beginning of year, as previously stated	456,666	351,297	252,537
GASB87 & 96 restatements	-	-	145
Net position - beginning of year, as restated	456,666	351,297	252,682
Net Position - end of year	\$ 567,118	\$ 456,666	\$ 351,297

Capital Program

The District received capital contributions of \$24.0 million in Fiscal Year 2024 and \$4.1 million in Fiscal Year 2023, which was an increase of \$19.9 million or 489.2% in Fiscal Year 2024 compared to Fiscal Year 2023 and an increase of \$1.0 million or 30.5% in Fiscal Year 2023 compared to Fiscal Year 2022.

The following is a summary of the District's major capital expenditures for Fiscal Year 2024.

- Purchase of revenue vehicles (\$26.8 million).
- Maintenance and administrative facilities and equipment (\$5.7 million).
- Communication information system (\$1.2 million).
- Replacement of bus parts in accordance with FTA guidelines (\$0.5 million).
- Capital project development, and others (\$5.7 million).

Additional information concerning the District's Capital Assets can be found in *Note #5 - Capital Assets* in the Notes to the Financial Statements.

San Mateo County Transit District
Management's Discussion and Analysis
June 30, 2024 and June 30, 2023

Debt

On June 30, 2024, the District had \$157.7 million in limited tax bonds outstanding, a decrease of \$13.7 million or 8.0%, compared to \$171.4 million in limited tax bonds outstanding on June 30, 2023. This decrease resulted from retirement of principal in scheduled debt service payments. The District pledges sales tax revenues to secure the 2015 Series A Bonds and the 2015 Series B Bonds. Interest payments on the 2015 Series A Bonds are due on June 1 and December 1 of each year. Principal payments on the 2015 Series A Bonds began on June 1, 2019. The final maturity date for the 2015 Series A Bonds is June 1, 2034. Interest rates on the 2015 Series A Bonds range from 3.0 percent to 5.0 percent. More information on the District's long-term debt activity appears in *Note #8 - Long-term Debt* in the *Notes to the Financial Statements*.

Economic Factors and Next Year's Budget

The District's Board adopted the Fiscal Year 2025 Operating and Capital Budget on June 1st, 2023. As in past years, District staff has taken steps to manage costs and undertake efficiencies while continuing to enhance service and revenues. The District continues to work with its funding partners and employees to pursue its goals of excellent service. The Capital Budget contains projects necessary and essential to sustain the District's existing service and infrastructure network, without compromising the vision set forth in the adopted Strategic Plan.

The Fiscal Year 2025 Operating Budget consists of \$347.7 million and \$273.3 million in revenues and expenditures, respectively. Passenger fares for both Motor Bus and ADA services are projected to be \$12.3 million. Local, State, and Federal funds are projected to decrease to \$78.0 million due to ARPA Funds. The District's half-cent sales tax receipts are projected to be \$117.6 million. Measure W sales tax receipts are projected to be \$58.8 million. Out of the \$273.3 million projected operating costs, \$181.8 million are budgeted for the Motor Bus program, \$21.8 million for the A.D.A. program, and \$6.7 million for the Multi-Modal program.

The \$67.1 million Capital Budget contains projects that were reviewed and prioritized consistent with District policy directives and key Strategic Plan Initiatives. Major projects being undertaken in Fiscal Year 2025 includes replacing (12) 2017-2018 Paratransit Cutaway buses (\$3.1 million), continuing the construction procurement process for the North Base Transportation Building replacement (\$29.0 million), award construction services contract to a selected Construction Manager General Contractor and procure long lead battery electric bus (BEB) infrastructure equipment at South Base (\$14.0 million), developing a cost estimate for the required facility modification to determine the cost for the remainder of the permanent hydrogen fueling station at North Base (\$11.1 million), Develop a conceptual design and obtain the required environmental clearance for the North Base Sea Level Rise and Erosion Mitigation project (\$1.3 million), redesign the enterprise network to enhance security and reliability on the District's outdated infrastructure (\$3.9 million), and implementing the capital improvement plan recommendations of the El Camino Real Bus Speed & Reliability Study (\$1.1 million).

San Mateo County Transit District
Management's Discussion and Analysis
June 30, 2024 and June 30, 2023

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate accountability for the funds the District receives. If you have questions about this report or need additional financial information, please contact the San Mateo County Transit District, attention: Chief Financial Officer, 1250 San Carlos Ave., P.O. Box 3006, San Carlos, California 94070-1306.

DRAFT

San Mateo County Transit District
Statements of Net Position
June 30, 2024 and June 30, 2023 (in thousands)

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents (Note 1E)	\$ 338,573	\$ 301,517
Restricted cash (Note 1G)	16,042	17,347
Subtotal, cash and cash equivalents (Note 2)	<u>354,615</u>	<u>318,864</u>
Investments (Notes 1F & 2)	17,921	58,629
Restricted investments (Notes 1G & 2)	1,602	6,346
Receivables		
Transaction and use tax	29,748	30,390
Receivable from Peninsula Corridor Joint Powers Board (Note 6)	5,816	5,596
Receivable from San Mateo County Transportation Authority (Note 6)	1,102	290
Federal grants (Note 4)	8,695	3,357
State and local grants	21,296	7,098
Leases receivable (Note 7)	1,071	1,077
Interest	1,536	1,569
Other	9,152	15,814
Allowance for doubtful accounts	<u>(161)</u>	<u>(161)</u>
Total Receivables - Net	78,255	65,030
Inventories (Note 1I)	2,253	2,054
Current prepaid items	<u>3,541</u>	<u>2,220</u>
Total Current Assets	<u>458,187</u>	<u>453,143</u>
Noncurrent Assets		
Noncurrent investments (Notes 1F & 2)	181,203	130,984
Restricted investments (Notes 1G & 2)	50,219	21,798
Noncurrent prepaid items	286	549
Leases receivables	74,950	76,021
Capital assets (Notes 1J & 5)		
Buses and bus equipment	216,482	200,080
Buildings and building improvements	77,434	76,803
Maintenance and other equipment	35,330	35,133
Furniture and fixtures	30,720	30,692
Shelters and bus stop signs	11,878	11,878
Right-to-use subscription asset	3,543	3,335
Other vehicles	<u>3,034</u>	<u>2,524</u>
Total capital assets	378,421	360,445
Less accumulated depreciation and amortization	(292,417)	(274,903)
Land (Note 5)	56,915	56,915
Construction in progress (Note 1K)	<u>32,146</u>	<u>11,105</u>
Capital assets - Net (Note 5)	175,065	153,562
Other assets	<u>21</u>	<u>21</u>
Total noncurrent assets	<u>481,744</u>	<u>382,935</u>
Total Assets	<u>939,931</u>	<u>836,078</u>

San Mateo County Transit District
Statements of Net Position (Continued)
June 30, 2024 and June 30, 2023 (in thousands)

	<u>2024</u>	<u>2023</u>
Deferred Outflows of Resources		
Deferred outflows related to hedging derivatives instruments (Note 14)	-	281
Deferred charges on refunding	3,193	3,893
Deferred outflows related to OPEB (Note 10)	11,906	12,761
Deferred outflows related to pension (Note 9)	37,706	39,649
Total Deferred Outflows of Resources	<u>52,805</u>	<u>56,584</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	23,966	17,852
Current portion of compensated absences (Note 10)	10,710	8,820
Current portion of self-insurance liabilities (Note 11)	7,207	4,838
Accrued interest	546	593
Unearned revenues	21,052	21,637
Subscription liability (Note 8)	737	699
Current portion of long-term debt (Note 8)	12,390	11,825
Total current liabilities	<u>76,608</u>	<u>66,264</u>
Noncurrent Liabilities		
Self-insurance liabilities, less current portion (Note 11)	11,422	7,433
Other noncurrent liabilities	89	3,530
Noncurrent derivative instruments - fair value (Note 14)	-	281
Compensated absences, less current portion (Note 10)	4,423	4,999
Subscription liability, less current portion (Note 8)	486	1,070
Long-term debt, less current portion (Note 8)	145,322	159,621
Net OPEB liability (Note 10)	8,994	18,320
Net pension liability (Note 9)	94,561	90,297
Total noncurrent liabilities	<u>265,297</u>	<u>285,551</u>
Total liabilities	<u>341,905</u>	<u>351,815</u>
Deferred Inflows of Resources		
Deferred inflows related to hedging derivatives instruments (Note 14)	103	-
Deferred inflows related to OPEB (Note 10)	6,879	4,066
Deferred inflows related to pension (Note 9)	2,318	4,168
Deferred inflows related to leases (Note 7)	74,413	75,947
Total Deferred Inflows of Resources	<u>83,713</u>	<u>84,181</u>
Net Position		
Net investment in capital assets	173,842	151,793
Restricted for:		
Debt service	1,602	1,601
Paratransit fund (Note 1D)	25,000	25,000
Unrestricted	366,674	278,272
Total Net Position	<u>\$ 567,118</u>	<u>\$ 456,666</u>

San Mateo County Transit District
Statements of Revenue, Expenses, and Changes in Net Position
Years Ended June 30, 2024 and June 30, 2023 (in thousands)

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Passenger fares	\$ 12,719	\$ 11,226
Total Operating Revenues	<u>12,719</u>	<u>11,226</u>
Operating Expenses		
Salaries and benefits	97,642	83,740
Contract operations and maintenance services	52,198	41,632
Other services	13,715	11,234
Materials and supplies	12,100	11,418
Depreciation and amortization	17,514	18,394
Provisions for claims and claims adjustments	17,245	13,134
Miscellaneous	12,764	12,588
Total operating expenses	<u>223,178</u>	<u>192,140</u>
Operating loss	<u>(210,459)</u>	<u>(180,914)</u>
Nonoperating Revenues (Expenses)		
Operating assistance (Note 3)	258,451	272,494
Investment income (loss)	26,587	11,671
Interest expense	(6,289)	(6,644)
Expense for noncapitalized projects	(2,788)	(1,635)
Other income, net	20,934	6,321
Total Nonoperating Revenues (Expenses)	<u>296,895</u>	<u>282,207</u>
Net income (loss) before capital contributions	<u>86,436</u>	<u>101,293</u>
Capital grants (Note 1P)	24,016	4,076
Change in net position	<u>110,452</u>	<u>105,369</u>
Net Position		
Beginning of year, as previously reported	456,666	351,297
Cumulative effect on accounting change	-	-
Beginning of year, as restated	<u>456,666</u>	<u>351,297</u>
Net Position - end of year	<u><u>\$ 567,118</u></u>	<u><u>\$ 456,666</u></u>

San Mateo County Transit District

Statements of Cash Flows

Years Ended June 30, 2024 and June 30, 2023 (in thousands)

	2024	2023
Cash Flows from Operating Activities		
Cash received from customers	\$ 12,262	\$ 10,807
Payments to vendors for goods and services	(102,847)	(76,384)
Payments to employees	(98,441)	(85,415)
Net cash (used for) operating activities	<u>(189,026)</u>	<u>(150,992)</u>
Cash Flows From Noncapital Financing Activities		
Expense for noncapitalized projects	(2,788)	(1,635)
Operating assistance received	286,689	282,380
Net cash provided by non-capital financing activities	<u>283,901</u>	<u>280,745</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(39,017)	(10,887)
Capital contributions from grants	6,377	4,464
Leases and SBITAs principal paid	(546)	48
Bond principal paid	(12,579)	(12,524)
Interest paid on capital debt	(6,791)	(6,807)
Net cash (used for) capital and related financing activities	<u>(52,556)</u>	<u>(25,706)</u>
Cash Flows From Investing Activities		
Proceeds from sale of investment securities	70,878	56,252
Purchases of investment securities	(126,508)	(91,127)
Investment income received (loss)	49,062	56,369
Net cash provided by (used for) investing activities	<u>(6,568)</u>	<u>21,494</u>
Net change in cash and cash equivalents	35,751	125,541
Cash and cash equivalents, beginning of year	<u>318,864</u>	<u>193,323</u>
Cash and Cash Equivalents, end of year	<u>\$ 354,615</u>	<u>\$ 318,864</u>

San Mateo County Transit District
Statement of Cash Flows (Continued)
Years Ended June 30, 2024 and 2023 (in thousands)

	<u>2023</u>	<u>2023</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities		
Operating loss	\$ (210,459)	\$ (180,914)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation and amortization expense	17,514	18,394
OPEB expense	(5,658)	(4,867)
Pension expense	4,357	(303)
Effect of changes in:		
Accounts receivable	(1,032)	(850)
Inventories	(199)	73
Prepaid items	(1,602)	798
Other assets	647	(117)
Accounts payable and accrued liabilities	1,262	8,512
Leases receivable	6	(377)
Deferred inflows of resources from leases	(1,534)	3,794
Compensated absences	1,314	1,761
Self-insurance liabilities	6,358	3,104
Net Cash Used for Operating Activities	<u><u>\$ (189,026)</u></u>	<u><u>\$ (150,992)</u></u>
Noncash Capital, Investing, and Financing Activities		
Capital contributions (payments)	\$ 17,639	\$ (388)
Change in fair value of investments	(6,225)	426
Change in the fair value of derivatives	(103)	281

San Mateo County Transit District
Notes to the Financial Statements
June 30, 2024 and June 30, 2023

Index to the Notes

	Pages
(1) Operations and Summary of Significant Accounting Policies	18
(2) Cash and Investments	24
(3) Operating Assistance	31
(4) Federal Capital Grants	32
(5) Capital Assets	32
(6) Related Parties	33
(7) Leases	36
(8) Long-Term Debt	37
(9) Pension Plan	40
(10) Post-Retirement Health Care Benefits	46
(11) Insurance Programs	53
(12) Commitment and Contingent Liabilities	54
(13) PTMISEA Grants	55
(14) Hedge Program	56

San Mateo County Transit District
Notes to the Financial Statements
June 30, 2024 and June 30, 2023

Note 1 - Operations and Summary of Significant Accounting Policies

A. Operations

The San Mateo County Transit District (District) was formed by the California State Legislature and approved by the electorate in 1974 to meet the public transit needs of San Mateo County. The District operates buses throughout San Mateo County and also provides, through purchased service with independent contractors, demand-response transportation services and certain other fixed route bus service. The District also shares in the costs of operating the Caltrain rail service. The District paid a "buy in" sum and provided the project costs incurred that were not covered by a federal grant, of extending the San Francisco Bay Area Rapid Transit District (BART) rail system into San Mateo County and once the extension opened, the District covered the net costs to operate the extension. On April 27, 2007, the District and BART entered into a Settlement Agreement and Release of Claims pursuant to which BART receives 2% of the revenue generated annually from the Measure A half-cent sales tax administered by the Transportation Authority, consistent with the Transportation Expenditure Plan adopted by the San Mateo County voters in 2004, as full and final settlement of the District's obligations to cover San Mateo County's share of BART's past and future operating and capital costs.

B. Financial Reporting Entity

The District's reporting entity includes only the San Mateo County Transit District.

C. Basis of Accounting

The District is a single enterprise fund and maintains its records using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

D. Net Position

Net position is reported on the statement of net position in the following categories:

Investment in capital assets - This category includes all capital assets, net of accumulated depreciation, reduced by related debt.

Restricted net position - This category represents net position restricted by parties outside (such as creditors, grantors, contributors, and laws and regulations of other governments) and includes unspent proceeds of bonds issued to acquire or construct capital assets. Additionally, the District utilizes earnings on \$25 million corpus of paratransit trust funds as a component of restricted net position. The funds are to continue in perpetuity from Measure A sales tax revenues.

Unrestricted net position - This category represents net position of the District that is not restricted for any project or other purpose.

San Mateo County Transit District
Notes to the Financial Statements
June 30, 2024 and June 30, 2023

E. Cash and Cash Equivalents

For purpose of the statement of cash flows, the District considers all highly liquid investments with an initial maturity of 90 days or less when purchased to be cash equivalents. Cash and equivalents also include amounts invested in the LAIF pool.

F. Investments

Current investments represent securities which mature within the next 12 months. Noncurrent investments represent the portion of the District's investment portfolio that is not expected to be liquidated during the next 12 months. Investments in nonparticipating interest-earning investment contracts (guaranteed investment contracts) are reported at cost. Investment in money market accounts are also reported at net asset value. All other investments are at fair value. The fair value of investments is determined annually and is based on current market prices permitted. Investments are regulated by state statutes and could be further restricted by the grantors or enabling legislation.

G. Restricted Cash and Investments

Restricted cash and investments represent unused bond proceeds, bond reserves and other funds designated for financing the District's capital projects and related debt service. These funds are held as liquid investments or have been invested in U.S. Treasury notes, mutual funds or guaranteed investment contracts. The District also maintains restricted cash and investment accounts in the amount of \$25,000,000 for Paratransit operations.

H. Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for the same purpose (e.g. a construction project), the District's policy is to use all available restricted resources first before unrestricted resources are utilized.

I. Inventories

Inventories consist primarily of bus replacement parts and fuel and are stated at average cost which approximates market. Inventories are charged to expense at the time that individual items are withdrawn from inventory.

J. Lessee and Subscription-Based Information Technology Arrangements (SBITA)

At the commencement of a lease/SBITA, the District initially measures the liability at the present value of payments expected to be made during the term. Subsequently, the liability is reduced by the principal portion of payments made. The lease/SBITA asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the lease/SBITA is amortized on a straight-line basis over its useful life. The lease/SBITA term includes the noncancellable period of the lease. Payments included in the measurement of the liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

San Mateo County Transit District
Notes to the Financial Statements
June 30, 2024 and June 30, 2023

K. Capital Assets

Capital assets are stated at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation plus ancillary charges, if any. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, as follows:

Buses and bus equipment	2 to 12 Years
Other vehicles, shelters and bus stops, maintenance and other equipment, and furniture and fixtures	3 to 20 Years
Right-to-use ground leases	3 to 20 Years
Right-to-use subscriptions	3 to 10 Years
Building	30 Years
Building improvements	2 to 5 Years

The District's policy is to capitalize all capital assets with a cost greater than \$5,000 and a useful life of more than one year.

L. Construction in Progress

Construction in progress consists of the following projects at June 30 (in thousands):

	<u>2024</u>	<u>2023</u>
Maintenance facility improvements	\$ 15,613	\$ 5,603
Bus fleet improvements	12,874	3,954
Shelter, fencing and bus stop improvements	365	174
Other	3,294	1,374
Total Construction in Progress	<u>\$ 32,146</u>	<u>\$ 11,105</u>

M. State and Local Operating Assistance

State and local operating assistance is recorded as revenue upon approval by the granting agencies. The District serves as the cash conduit for State Transit Assistance received on behalf of the Peninsula Corridor Joint Powers Board (see Note 6) and does not recognize revenues or expenses associated with this agency function.

N. Bond Issuance Costs

Bond issuance costs are expensed upon the issuance of related debt except for bond prepaid insurance. Bond discounts, prepaid insurance and premiums are amortized over the life of the bonds.

O. Arbitrage

Arbitrage is reviewed on an annual basis and the corresponding liability is accrued accordingly.

San Mateo County Transit District
Notes to the Financial Statements
June 30, 2024 and June 30, 2023

P. Compensated Absences

Employees accrue compensated absence time by reason of tenure at annual rates ranging from 169 to 344.5 hours per year. Employees are allowed to accumulate from 800 hours up to 1,440 hours of compensated absence time, depending upon the number of years of service.

The changes in compensated absences were as follows for Fiscal Year ended June 30 (in thousands):

	<u>2024</u>	<u>2023</u>
Beginning Balance	\$ 13,819	\$ 12,058
Additions	10,631	9,998
Payments	(9,317)	(8,237)
Ending Balance	<u>15,133</u>	<u>13,819</u>
Current Portion	<u>10,710</u>	<u>8,820</u>
Non-current Portion	<u>\$ 4,423</u>	<u>\$ 4,999</u>

Q. Capital Grants

The District receives grants from the Federal Transit Administration (FTA), State, and local transportation funds for the acquisition of buses and other equipment and improvements. Capital contributions are recorded as revenues and the cost of the related assets are generally included as additions to property and equipment. Depreciation of assets acquired with capital grant funds is included in the depreciation expense in the statement of revenues, expenses, and changes in net position.

Capital contributions for the years ended June 30 were as follows (in thousands):

	<u>2024</u>	<u>2023</u>
Federal grants	\$ 12,888	\$ 1,829
State grant (Prop 1B)	8,660	1,910
Local assistance	<u>2,468</u>	<u>337</u>
Total	<u>\$ 24,016</u>	<u>\$ 4,076</u>

R. Operating and Nonoperating Revenues and Expenses

The District distinguishes operating revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses generally result from directly providing services in connection with the District's principal operations of bus transit services. These revenues are primarily passenger fares. Operating expenses include cost of sales and services, administrative expenses, contracted services and depreciation on capital assets. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

San Mateo County Transit District
Notes to the Financial Statements
June 30, 2024 and June 30, 2023

S. Leases, as a lessor

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

T. 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 District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plan's 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.

U. Other Post-Employment 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 District's plan (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.

V. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements.

W. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position also reports deferred outflows of resources. This separate element represents a consumption of net assets that applies to a future period and so will not be recognized as an expense until then. The District reports deferred outflows of resources from pension, OPEB activities and bond refunding.

In addition to liabilities, the statement of net position also reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources from pension, OPEB, hedging activities, and leases.

San Mateo County Transit District
Notes to the Financial Statements
June 30, 2024 and June 30, 2023

X. Fair Value Measurement

Generally Accepted Accounting Principles provide guidance for determining a fair value measurement for reporting purposes, applying fair value to investments, and disclosures related to a hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs include inputs that are directly observable for the investment including quoted price for similar investments and inputs that are not directly observable but are derived from observable market data through correlation; Level 3 inputs are significant unobservable inputs.

Y. New Accounting Pronouncements

Effective this Fiscal Year

GASB Statement No. 100 – In June 2022, GASB Issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 and all reporting periods thereafter. The implementation of this statement on the financial statements was not material as of June 30, 2024.

Effective in Future Fiscal Years

GASB Statement No. 101 – In June 2022, GASB Issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The District is evaluating the impact of this Statement on the financial statements.

San Mateo County Transit District
Notes to the Financial Statements
June 30, 2024 and June 30, 2023

Note 2 - Cash and Investments

Policies

The District's investments are generally carried at fair value, as required by generally accepted accounting principles. The District adjusts the carrying value of its investments to reflect their fair value at each Fiscal Year end and includes the effects of these adjustments as a component of interest and investment income for that fiscal year. The District is in compliance with the Board approved Investment Policy and California Government Code requirements.

Classification

The District's cash and investments as of June 30 are classified in the statement of net position as follows (in thousands):

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 354,615	\$ 318,864
Current investments	17,921	58,629
Current restricted investments	1,602	6,346
Noncurrent investments	181,203	130,984
Noncurrent restricted investments	50,219	21,798
Total	<u>\$ 605,560</u>	<u>\$ 536,621</u>

The District's cash and investments consist of the following on June 30 (in thousands):

	<u>2024</u>	<u>2023</u>
Cash on hand	\$ 22	\$ 22
Deposits with financial institutions	163,234	136,305
Investments	442,304	400,294
Total	<u>\$ 605,560</u>	<u>\$ 536,621</u>

San Mateo County Transit District

Notes to the Financial Statements
June 30, 2024 and June 30, 2023

Investments Authorized by the California Government Code and the District’s Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code or the District’s investment policy, whichever is more restrictive, that addresses interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the District’s investment policy.

Authorized Investment Type	Minimum Credit Rating	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	15 years	100%	N/A
U.S. Agency Securities	None	15 years	100%	N/A
Banker's Acceptances	None	180 days	40%	30%
Commercial Paper (\$500 Mil. Min. Assets)	A1/P1/F1	270 days	40%	10%
Negotiable Certificates of Deposit	None	5 years	30%	N/A
Repurchase Agreements	None	1 year	100%	N/A
Reverse Repurchase Agreements	None	92 days	20%	N/A
Medium-term Notes	A	5 years	30%	10%
Shares of beneficial interest issued by diversified management companies	Highest rating by two NRSROs	N/A	20%	10%
Local Government Investment Pools	None	N/A	100%	N/A
Asset-backed and Mortgage-backed securities	AA	5 years	20%	N/A
Municipal Obligations	None	10 years	100%	N/A
Supranational Obligations	AA	5 years	30%	N/A
Local Agency Investment Fund (LAIF)	None		Up to the current state limit	
San Mateo County Investment Pool	None		Up to the current state limit	

For the District’s investment in California Employers’ Pension Prefunding Trust (CEPPT), the investment policy is consistent with the CalPERS for the CEPPT authorized investments in global equities, fixed income, treasury inflation-protected securities, real estate investment trusts, and liquidity assets.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt covenants, rather than the general provisions of the California Government Code or the District’s investment policy. These provisions allow for the acquisition of investment agreements, repurchase agreements and U.S. Treasury Securities with maturities of up to 30 years.

Interest Rate Risk

Interest rate risk is the risk incurred when market interest rates adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

San Mateo County Transit District

Notes to the Financial Statements
June 30, 2024 and June 30, 2023

The District's weighted average maturity of its investment portfolio at June 30, 2024 was as follows:

Investment Type	Amount (in thousands)	Weighted Average Maturity (in years)
U.S. Agency Securities	\$ 54,585	3.31
Asset Backed Securities	26,069	1.69
U.S. Government Securities	59,233	2.72
Corporate Notes	51,585	2.18
Commercial Paper	6,137	0.19
Certificates of Deposit	3,319	1.33
Municipal Debt Securities	6,304	0.73
Supranationals	1,991	2.96
Money Market Mutual Funds	17,435	-
Local Agency Investment Fund (LAIF)	5,625	0.60
Hedge Treasury Bills	2,087	-
California Asset Management Program (CAMP)	185,735	-
California Employers' Prefunding Pension Trust	22,199	-
Total	\$ 442,304	
Portfolio Weighted Average Maturity		1.17

The District's weighted average maturity of its investment portfolio at June 30, 2023 was as follows:

Investment Type	Amount (in thousands)	Weighted Average Maturity (in years)
U.S. Agency Securities	\$ 77,274	2.98
U.S. Government Securities	63,562	2.13
Corporate Notes	48,507	2.41
Commercial Paper	1,952	0.42
Certificates of Deposit	3,312	2.33
Municipal Debt Securities	6,955	1.71
Supranationals	1,975	3.96
Money Market Mutual Funds	12,866	-
Local Agency Investment Fund (LAIF)	5,112	0.71
Hedge Treasury Bills	1,353	-
California Asset Management Program (CAMP)	177,426	-
Total	\$ 400,294	
Portfolio Weighted Average Maturity		1.28

San Mateo County Transit District
Notes to the Financial Statements
June 30, 2024 and June 30, 2023

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30 for each investment type.

Investment Type	Amount (in thousands)	Rating as of June 30, 2024				Not Rated
		AAA	AA	A	BBB+*	
U.S. Agency Securities	\$ 54,585	\$ 54,585	\$ -	\$ -	\$ -	\$ -
Asset Backed Securities	26,069	-	-	-	-	26,069
U.S. Government Securities	59,233	59,233	-	-	-	-
Corporate Notes	51,585	2,871	17,809	29,758	1,147	-
Commercial Paper	6,137	-	-	6,137	-	-
Certificates of Deposit	3,319	-	3,319	-	-	-
Municipal Debt Securities	6,304	1,214	2,913	361	-	1,816
Suprationals	1,991	1,991	-	-	-	-
Money Market Mutual Funds	17,435	16,363	-	-	-	1,072
LAIF	5,625	-	-	-	-	5,625
Hedge Treasury Bills	2,087	-	-	-	-	2,087
CAMP	185,735	-	-	-	-	185,735
CEPPT	22,199	-	-	-	-	22,199
Total	\$ 442,304	\$ 136,257	\$ 24,041	\$ 36,256	\$ 1,147	\$ 244,603

* securities were acquired as A rated and adjusted later to BBB+ during fiscal year 2022.

San Mateo County Transit District
Notes to the Financial Statements
June 30, 2024 and June 30, 2023

Investment Type	Amount (in thousands)	Rating as of June 30, 2023				Not Rated
		AAA	AA	A	BBB+*	
U.S. Agency Securities	\$ 77,274	\$ 16,990	\$ 60,284	\$ -	\$ -	\$ -
U.S. Government Securities	63,562	-	63,562	-	-	-
Corporate Notes	48,507	-	16,063	31,317	1,127	-
Commercial Paper	1,952	-	-	1,952	-	-
Certificates of Deposit	3,312	-	3,312	-	-	-
Municipal Debt Securities	6,955	1,159	3,400	348	-	2,048
Supranationals	1,975	1,975	-	-	-	-
Money Market Mutual Funds	12,866	-	-	-	-	12,866
LAIF	5,112	-	-	-	-	5,112
Hedge Treasury Bills	1,353	-	-	-	-	1,353
CAMP	177,426	-	-	-	-	177,426
Total	\$ 400,294	\$ 20,124	\$ 146,621	\$ 33,617	\$ 1,127	\$ 198,805

* securities were acquired as A rated and adjusted later to BBB+ during fiscal year 2022.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the relative size of an investment in a single issuer. GASB Statement No. 40 requires disclosure of certain investments in any one issue that represents 5% or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government, investments in mutual funds, external investment pools, and other pooled investments are exempt. As of June 30, 2024, the District exceeded the 5% limit of total investments in issuers with investment in Federal Home Loan Mortgage Corporation, U.S. Agency Bonds and FHLMC. One issuer exceeded 5% of the District's total investment portfolio for the year ended June 30, 2024.

Issuer (in thousands)	Investment Type	2024	Concentration
Federal Home Loan Mortgage Corporation	U.S. Agency Securities	\$ 36,759	8.31%
Total		\$ 36,759	

There were two issuer that exceeded 5% of the District's total investment portfolio for the year ended June 30, 2023.

Issuer (in thousands)	Investment Type	2023	Concentration
Federal Home Loan Mortgage Corporation	U.S. Agency Securities	\$ 37,152	9.28%
Federal National Mortgage Association	U.S. Agency Securities	21,347	5.33%
Total		\$ 58,499	

San Mateo County Transit District
Notes to the Financial Statements
June 30, 2024 and June 30, 2023

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs.

The District has the following recurring fair value measurements as of June 30, 2024:

- Debt classified as Level 2 inputs are valued using price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors.
- Certificates of deposit classified as Level 2 inputs are valued using quoted price for directly observable inputs.

Investments in the State Local Agency Investment Fund are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The following is the District's fair value hierarchy table as of June 30, 2024:

Investment Type	Total	Level 1	Level 2	Uncategorized
U.S. Agency Securities	\$ 54,585	\$ -	\$ 54,585	\$ -
Asset Backed Securities	26,069	26,069	-	-
U.S. Government Securities	59,233	59,233	-	-
Corporate Notes	51,585	-	51,585	-
Commercial Paper	6,137	-	6,137	-
Certificates of Deposit	3,319	-	3,319	-
Municipal Debt Securities	6,304	-	6,304	-
Supranationals	1,991	-	1,991	-
Money Market Mutual Funds	17,435	-	-	17,435
LAIF	5,625	-	-	5,625
Hedge Treasury Bills	2,087	-	-	2,087
CAMP	185,735	-	-	185,735
CEPPT	22,199	-	-	22,199
Total investments by fair value type	\$ 442,304	\$ 85,302	\$ 123,921	\$ 233,081

San Mateo County Transit District
Notes to the Financial Statements
June 30, 2024 and June 30, 2023

The following is the District's fair value hierarchy table as of June 30, 2023

<u>Investment Type</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Uncategorized</u>
U.S. Agency Securities	\$ 77,274	\$ -	\$ 77,274	\$ -
U.S. Government Securities	63,562	63,562	-	-
Corporate Notes	48,507	-	48,507	-
Commercial Paper	1,952	-	1,952	-
Certificates of Deposit	3,312	-	3,312	-
Municipal Debt Securities	6,955	-	6,955	-
Supranationals	1,975	-	1,975	-
Money Market Mutual Funds	12,866	-	-	12,866
LAIF	5,112	-	-	5,112
Hedge Treasury Bills	1,353	-	-	1,353
CAMP	177,426	-	-	177,426
Total investments by fair value type	\$ 400,294	\$ 63,562	\$ 139,975	\$ 196,757

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counter party (e.g. broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in possession of another party.

California Law requires banks and savings and loan institutions to pledge government securities with a fair value of 110 percent of the District's cash on deposit, or first trust deed mortgage notes with a fair value of 150 percent of the deposit, as collateral for these deposits. Under California law, this collateral is held in a separate investment pool by another institution in the pool's name and places the pool, which includes the District's deposits, ahead of general creditors of the institution.

The District invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to increase security, the District employs the Trust Department of a bank or trustee as the custodian of certain District managed investments, regardless of their form.

As of June 30, 2024 and 2023, the District had \$163,234,000 and \$136,305,000, respectively, in deposits with financial institutions recorded on the financial statements. Additionally, the District is required to hold certain capital fund amounts in interest bearing accounts. These balances are in excess of the federal depository insurance limits and are collateralized with securities held by the pledging financial institution. The amount of deposits exposed to custodial credit risk at June 30, 2024 and June 30, 2023 was \$101,268,000 and \$136,054,000, respectively. However, due to California State Law, the excess balances are collateralized with pledged securities by the financial institutions holding the District's deposits.

San Mateo County Transit District
Notes to the Financial Statements
June 30, 2024 and June 30, 2023

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not registered with the Securities and Exchange Commission. As of June 30, 2024 and June 30, 2023, the District had a contractual withdrawal value in LAIF of \$5,646,000 and \$5,191,000, respectively. Investments in LAIF are not categorized because deposits and withdrawals are made on the basis of \$1 and not fair value.

California Asset Management Program (CAMP): The District holds an investment in CAMP that is subject to "fair value" adjustments. The District had a contractual withdrawal value of \$185,735,000 (which is reported using the amortized cost) after the adjustment for unrealized gains/losses for fiscal year 2024. The District had a contractual withdrawal value of \$177,426,000 in CAMP as of June 30, 2023. CAMP is a governmental investment pool managed and directed by the CAMP Treasurer and is not registered with the Securities and Exchange Commission.

Note 3 - Operating Assistance

The District receives operating assistance from various federal, state, and local sources. The District receives funds from two San Mateo County sales tax: a permanent half-cent transaction and use tax levied on all taxable sales in San Mateo County and a half-cent sales tax which will be levied through June 30, 2049 (and half of which is administered by the San Mateo County Transportation Authority (Transportation Authority), both of which are collected and administered by the California Department of Tax and Fee Administration. Transportation Development Act funds are received from San Mateo County to meet, in part, operating and capital requirements based on annual claims filed by the District and approved by the Metropolitan Transportation Commission (MTC). Federal funds are distributed to the District by the Federal Transportation Administration (FTA) after approval by MTC. The District also receives Transportation Authority funds as a result of the approval and re-authorization of 2004 Measure A (half-cent county sales tax) for funding of certain transportation projects and programs.

Operating assistance is summarized as follows for the years ended June 30 (in thousands):

	<u>2023</u>	<u>2023</u>
Transaction and use tax	\$ 173,258	\$ 176,627
Local transportation funds	56,677	56,212
Federal operating and planning assistance	9,914	3,008
Federal Emergency Management Agency (FEMA)	22	138
Federal ARP Act	-	11,883
State transit assistance	12,729	18,622
Measure A funds - local	4,651	4,690
Measure W funds - local	1,200	1,314
Total	<u>\$ 258,451</u>	<u>\$ 272,494</u>

San Mateo County Transit District

Notes to the Financial Statements
June 30, 2024 and June 30, 2023

Note 4 - Federal Capital Grants

The District has a number of grant contracts with the FTA that provide federal funds for the acquisition of buses and other equipment and improvements. Capital additions on June 30, 2024 and 2023 applicable to these projects are \$39,988,000 and \$11,580,000, respectively. The related federal participation is \$11,481,000 and \$1,390,000 respectively.

The District has recorded receivables of \$513,000 and \$2,679,000, at June 30, 2024 and 2023, respectively, for qualifying capital project expenditures under FTA grant contracts in excess of reimbursements. The remaining federal receivable balance is related to federal operating grants.

Under the terms of the grants, contributions for equipment sold or retired during its useful life are refundable to the federal government in proportion to the related capital grant funds received, unless the net book value or proceeds from sale is under grant-prescribed limits.

Note 5 - Capital Assets

Capital asset activity for the Fiscal Year ended June 30, 2024, was as follows (in thousands):

	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024
Capital Assets at Cost				
Buses and bus equipment	\$ 200,080	\$ 16,402	\$ -	\$ 216,482
Buildings and building improvements	76,803	631	-	77,434
Maintenance and other equipment	35,133	197	-	35,330
Furniture and fixtures	30,692	28	-	30,720
Shelters, fencing and bus stop signs	11,878	-	-	11,878
Right-to-use subscriptions	3,335	208	-	3,543
Other vehicles	2,524	551	(41)	3,034
Total Capital Assets at Cost	360,445	18,017	(41)	378,421
Less Accumulated Depreciation/Amortization for				
Buses and bus equipment	(138,787)	(12,942)	-	(151,729)
Buildings and building improvements	(66,346)	(1,410)	-	(67,756)
Maintenance and other equipment	(30,397)	(944)	-	(31,341)
Furniture and fixtures	(30,055)	(104)	-	(30,159)
Shelters, fencing and bus stop signs	(6,026)	(1,055)	-	(7,081)
Right-to-use subscriptions	(1,374)	(845)	-	(2,219)
Other vehicles	(1,918)	(255)	41	(2,132)
Total Accumulated Depreciation and Amortization	(274,903)	(17,555)	41	(292,417)
Nondepreciable Capital Assets				
Land	56,915	-	-	56,915
Construction in progress	11,105	38,850	(17,809)	32,146
Total Nondepreciable Capital Assets	68,020	38,850	(17,809)	89,061
Capital Assets, Net	\$ 153,562	\$ 39,312	\$ (17,809)	\$ 175,065

San Mateo County Transit District

Notes to the Financial Statements
June 30, 2024 and June 30, 2023

Capital asset activity for the Fiscal Year ended June 30, 2023, was as follows (in thousands):

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
Capital Assets at Cost				
Buses and bus equipment	\$ 200,000	\$ 2,127	\$ (2,047)	\$ 200,080
Buildings and building improvements	75,517	1,641	(355)	76,803
Maintenance and other equipment	32,907	2,226	-	35,133
Furniture and fixtures	29,981	712	(1)	30,692
Shelters, fencing and bus stop signs	11,878	-	-	11,878
Right-to-use subscriptions	2,332	1,003	-	3,335
Right-to-use ground leases	102	-	(102)	-
Other vehicles	2,483	41	-	2,524
Total Capital Assets at Cost	355,200	7,750	(2,505)	360,445
Less Accumulated Depreciation/Amortization for				
Buses and bus equipment	(127,678)	(13,156)	2,047	(138,787)
Buildings and building improvements	(64,659)	(2,042)	355	(66,346)
Maintenance and other equipment	(29,438)	(959)	-	(30,397)
Furniture and fixtures	(29,944)	(112)	1	(30,055)
Shelters, fencing and bus stop signs	(4,938)	(1,088)	-	(6,026)
Right-to-use subscriptions	(545)	(829)	-	(1,374)
Right-to-use ground leases	(23)	(20)	43	-
Other vehicles	(1,694)	(224)	-	(1,918)
Total Accumulated Depreciation and Amortization	(258,919)	(18,430)	2,446	(274,903)
Nondepreciable Capital Assets				
Land	56,915	-	-	56,915
Construction in progress	7,870	9,981	(6,746)	11,105
Total Nondepreciable Capital Assets	64,785	9,981	(6,746)	68,020
Capital Assets, Net	\$ 161,066	\$ (699)	\$ (6,805)	\$ 153,562

Note 6 - Related Parties

Peninsula Corridor Joint Powers Board (JPB)

The District is a member in the Peninsula Corridor Joint Powers Board (JPB) along with the Santa Clara Valley Transportation Authority (VTA) and the City and County of San Francisco (CCSF). The JPB is governed by a separate board comprised of nine members – three appointed by each member agency. On October 31, 2008, all three of the JPB member agencies together with the Metropolitan Transportation Commission (MTC) signed a restated “Real Property Ownership Agreement” (RPOA) to fully resolve all then-outstanding financial issues related to the acquisition of the Caltrain right of way, the local share of which was funded initially by the District. Both the CCSF and VTA agreed to reimburse the District using gasoline “spillover” funds. The population based “spillover” funds were to be paid directly to the District from the MTC, and revenue based “spillover” funds were to be paid to the District from the San Francisco Municipal Transportation Agency (SFMTA) and VTA.

San Mateo County Transit District

Notes to the Financial Statements
June 30, 2024 and June 30, 2023

In consideration for the District's reduction in the interest rate applied to the District's advance of funds to purchase the right-of-way, the October 31, 2008 RPOA provided that the District would be designated as the Managing Agency of the JPB and would serve in that capacity "unless and until it no longer chooses to do so". As of June 30, 2024, the District has received full reimbursement for a total of \$53.3 million from "spillover" and Federal Transportation Improvement Program funds as well as local VTA and SFMTA funds.

In August 2022, the District, JPB, CCSF, and VTA entered a binding MOU designed to balance the competing concerns relating to governance and reimbursement for the District's advance of funds required for purchase of the right-of-way. To account for the delay in payment of the amount owed under the 2008 Agreement and in exchange for the District's agreement to assign certain rights as Managing Agency to JPB, the CCSF and VTA agreed to pay \$15.2 million to the District. Upon repayment, the District is required to reconvey its tenancy in common interest in the Right of Way to the JPB. The repayment was completed in FY24, and the District is in the process of reconveying its interest to the JPB.

Separate from cost reimbursement related to the purchase of the Caltrain right-of-way, The District also receives payment for service it provides to the JPB as the Managing Agency. The District had total receivables from the JPB of \$5,816,000 at June 30, 2024, up from \$5,596,000 at June 30, 2023, for advances of staff support and operating costs. Complete financial statements for the JPB can be obtained from the Peninsula Corridor Joint Powers Board at 1250 San Carlos Ave., San Carlos, California 94070.

San Mateo County Transportation Authority (Transportation Authority)

The Transportation Authority was formed in June 1988 as a result of the approval of Measure A (half-cent county sales tax and Transportation Expenditure Plan) by the voters of San Mateo County pursuant to the Bay Area County Traffic and Transportation Funding Act. The Transportation Authority was to be responsible for the administration of funds to be used for transportation projects collected over a period of 20 years by the half-cent county sales tax. The Transportation Authority designated the District as the entity responsible for overall management of the Transportation Authority. In November 2004, the voters reauthorized the sales tax to be collected for an additional 25 years (through 2033) and administered by the Transportation Authority in accordance with a new publicly-developed Expenditure Plan.

In addition, the District's Measure W sales tax ordinance authorizes the District to transfer one half of the revenues from that half cent sales tax to the Transportation Authority for administration. Accordingly, the Transportation Authority now administers the Measure W Congestion Relief Program elements related to highways, roadways, bicycle/pedestrian projects, and regional transportation connections.

Without further voter approval, the Transportation Authority is expected to exist for so long as it continues to administer and/or implement programs/projects funded by Measure A.

San Mateo County Transit District

Notes to the Financial Statements
June 30, 2024 and June 30, 2023

The District provides administrative personnel and facilities to the Transportation Authority. The Transportation Authority has funded various real estate acquisitions, which are necessary for transportation projects. In most cases, the Transportation Authority has chosen not to hold title to some of the real estate assets it has acquired as a result of its financial support of transportation projects in its Expenditure Plan. Accordingly, the Transportation Authority has transferred title to the District for some of the properties. The District has accepted ownership of these properties both as an accommodation to Transportation Authority as well as for use in providing transit. The District has recorded these parcels as capital assets.

In November 1994, the Transportation Authority purchased and subsequently transferred the Dumbarton rail bridge right-of-way and associated land to the District. The basis of this property is \$7,134,000. In December 2001, the Transportation Authority purchased and subsequently transferred the Redwood City Wye land and right of way, adjacent to the Dumbarton parcels, to the District. The basis of this property is \$7,103,000.

In July 2007, the District acquired four acres of property located in San Carlos along the Caltrain right of way from the Transportation Authority for a promissory note of \$4,343,000. The fair market value for the land, accounting for the risk associated with hazardous materials, is \$7,739,000. The District recognized the difference of the fair market value and the promissory note as a local grant contribution from the Transportation Authority. Originally, the property had been acquired by the Transportation Authority for the purpose of constructing a railroad grade separation project at Holly Street. At the conclusion of that grade separation project, the Transportation Authority Board of Directors agreed to sell the excess property not needed once the grade separation was complete to the District. The District fully repaid the note of \$4,343,000 as of June 30, 2022.

As the Managing Agency, the District has total receivables from the Transportation Authority of \$1,102,000 and \$290,000 at June 30, 2024 and 2023 respectively, for advances of staff support and operating costs and reimbursement of the Caltrain subsidy. Complete financial statements for the Transportation Authority can be found at <https://www.smcta.com/resources/finance/annual-comprehensive-financial-reports>.

San Mateo County Transit District
Notes to the Financial Statements
June 30, 2024 and June 30, 2023

San Mateo County Express Lanes Joint Powers Authority (SMCELJPA)

In May of 2019, the Transportation Authority and City/County Association of Governments of San Mateo County ("C/CAG") formed the San Mateo County Express Lanes Joint Powers Authority ("SMCELJPA") through a Joint Exercise of Powers Agreement to exercise their shared rights to own, administer and manage the San Mateo County U.S. 101 Express Lanes Project. Under that agreement, the District (as Managing Agency for the Transportation Authority) and C/CAG both provide staff support to the SMCELJPA. The District's staff supports the JPA's financial activities (e.g., budgeting, accounting, audits and treasury), marketing (including marketing use of the lanes and promoting the broader benefits of the lanes), and communications (including media and community relations, and the SMCELJPA's website). The Transportation Authority compensates the District for staff time spent in support of the SMCELJPA; the SMCELJPA, in turn, reimburses the Transportation Authority such costs.

The District has total receivables from the SMCELJPA of \$34,000 and \$722,000 at June 30, 2024 and 2023 respectively, for advances of staff support and operating costs. Complete financial statements for the Transportation Authority can be obtained from the Transportation Authority at 1250 San Carlos Ave., San Carlos, California, 94070.

Note 7 - Leases

Lease Receivable

As the Lessor, the District entered into lease agreements for mainly commercial, rental, and parking transactions. The lease terms expire between 2024 and 2116, with some leases containing options to renew. The District, as lessor, has accrued receivables for mainly ground/commercial leases. Currently, there are four ground leases and five commercial leases, the leases receivable as of June 30, 2024 and June 30, 2023 were \$76,021,000 and \$77,098,000, respectively. Deferred inflows of resources related to leases were \$74,413,000 and \$75,947,000 as of June 30, 2024 and June 30, 2023, respectively. Lease revenue recognized on the leases were \$1,077,000 in fiscal year June 30, 2024 and \$1,019,000 in fiscal year June 30, 2023. Interest revenue recognized on the leases were \$1,112,000 in the fiscal year ended June 30, 2024 and \$1,045,000 in fiscal year ended June 30, 2023. Final receipts for commercial leases are through the current fiscal year, and through the fiscal year 2116 for ground leases.

The District's variable payments are calculated using the annual consumer price index (CPI), a specific % increase or a specific dollar amount. If the CPI is not specified in the contract, the Applicable Federal Rate (AFR) is used. The District has no residual value grantees included in the measurement of lease assets, liabilities, or deferred inflows of resources and lease receivable for the year ended June 30, 2024. The District had no remeasurement during the fiscal year.

San Mateo County Transit District

Notes to the Financial Statements
June 30, 2024 and June 30, 2023

Note 8 - Long-Term Debt

Composition and Changes

The District generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt. The District's debt issues and transactions are summarized below and discussed in detail thereafter.

Long-term debt activity for the year ended June 30, 2024 is as follows (in thousands):

	Original Issue Amount	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024	Current Balance at June 30, 2024
Limited Tax Bonds						
2015 Series A Refunding Bonds 3.00%-5.00%, due 6/1/2034	\$ 210,280	\$ 160,830	\$ -	\$ (11,825)	\$ 149,005	\$ 12,390
Subscription liability		1,769	208	(754)	1,223	737
Total debt		162,599	208	(12,579)	150,228	<u>\$ 13,127</u>
Unamortized bond premium		10,616	-	(1,909)	8,707	
Total debt payable		<u>\$ 173,215</u>	<u>\$ 208</u>	<u>\$ (14,488)</u>	<u>\$ 158,935</u>	

Long-term debt activity for the year ended June 30, 2023 is as follows (in thousands):

	Original Issue Amount	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023	Current Balance at June 30, 2023
Limited Tax Bonds						
2015 Series A Refunding Bonds 3.00%-5.00%, due 6/1/2034	\$ 210,280	\$ 172,120	\$ -	\$ (11,290)	\$ 160,830	\$ 11,825
Subscription liability		1,642	1,003	(876)	1,769	699
Total debt		173,762	1,003	(12,166)	162,599	<u>\$ 12,524</u>
Unamortized bond premium		12,752	-	(2,136)	10,616	
Total debt payable		<u>\$ 186,514</u>	<u>\$ 1,003</u>	<u>\$ (14,302)</u>	<u>\$ 173,215</u>	

Description of the District's Long-Term Debt Issues

2015 Series A and Series B Refunding Bonds – In Fiscal Year 2015, the District issued \$210,280,000 of the Limited Tax Bonds, Refunding 2015 Series A (the 2015 Series A Bonds) and \$39,965,000 of the Limited Tax Bonds, Refunding 2015 Series B (Federally Taxable) (the 2015 Series B Bonds, and, together with the 2015 Series A Bonds, the 2015 Series Bonds) to advance refund the 1993 Series A Bonds, the 2005 Series A Bonds, and the 2009 Series A Bonds, all of which were issued to assist in the financing or refinancing of facilities necessary or convenient for the provision of transit services.

San Mateo County Transit District

Notes to the Financial Statements

June 30, 2024 and June 30, 2023

The 2015 Series Bonds were issued pursuant to an Indenture, dated as of April 1, 2015, as supplemented and amended from time to time pursuant to its terms (the Indenture), between the District and U.S. Bank National Association, as trustee (the Trustee).

The District issued the 2015 Series Bonds in order to advance refund all of its prior debt secured by the Sales Tax, comprised of \$56,420,000 aggregate principal amount of the 1993 Series A Bonds, \$218,990,000 aggregate principal amount of the 2005 Series A Bonds and \$10,505,000 aggregate principal amount of the 2009 Series A Bonds. The proceeds of the 2015 Series Bonds, together with funds held on deposit under the 1990 Indenture, to refund and legally defease all of the 1993 Series A Bonds, the 2005 Series A Bonds and the 2009 Series A Bonds (hereinafter collectively referred to as the Prior Bonds). In connection with the refunding and defeasance of the Prior Bonds, the District entered into an Escrow Agreement, dated as of April 1, 2015 (the Escrow Agreement), with U.S. Bank National Association, as trustee and escrow agent (the Escrow Agent), pursuant to which the Escrow Agent established escrow funds (each, an Escrow Fund) to provide for the payment of the principal of and interest on the Prior Bonds to their date of redemption or maturity, as applicable. Amounts deposited in each Escrow Fund are expected to be invested in direct obligations of, or obligations which are unconditionally guaranteed by, the United States of America (the Escrow Securities), the principal of and interest on which, together with any cash held uninvested in such Escrow Fund, will be sufficient to pay the principal of and interest on the Prior Bonds secured by such Escrow Fund to the date of their redemption or maturity, as applicable. Amounts deposited in each Escrow Fund are pledged to the payment of the Prior Bonds secured by such Escrow Fund and will not be available for the payment of any bonds other than the Prior Bonds secured by such Escrow Fund.

Interest on the 2015 Series Bonds is payable semiannually on June 1 and December 1 of each year. The 2015 Series Bonds are subject to optional redemption prior to their respective stated maturities. Principal on the 2015 Series A is payable on June 1, 2019, and annually thereafter on June 1 of each year through 2034.

The 2015 Series Bonds are special obligations of the District payable from the receipts of a sales tax to assist in the financing or refinancing of facilities necessary or convenient for the provision of transit services. The amount and terms of pledged revenue is the outstanding secured debt service as noted on the debt service requirement schedule in the following paragraph. The amount of pledged revenues recognized for the secured debt was \$173.3 million and the amount required for the debt service was \$19.1 million during Fiscal Year 2024. The pledged revenue coverage was 9.05 percent.

San Mateo County Transit District
Notes to the Financial Statements
June 30, 2024 and June 30, 2023

Debt Service Requirements to Maturity

Future Debt Service requirements are as follows (in thousands):

Fiscal Year Ending June 30,	2015 Series A		
	Principal	Interest	Total
2025	\$ 12,390	\$ 6,799	\$ 19,189
2026	13,010	6,180	19,190
2027	13,660	5,529	19,189
2028	14,340	4,848	19,188
2029	15,065	4,129	19,194
2030-2034	80,540	9,320	89,860
Total debt service	\$ 149,005	\$ 36,805	\$ 185,810

Subscription Liabilities

The District has entered into seven subscription arrangements as subscriber primarily for software as a service (SaaS) and platform as a service (PaaS). Most subscriptions have initial terms of up to three years. The District is required to make \$33,000 in interest payments through June 30, 2027. As the interest rate implicit in the District's subscriptions are not readily determinable, the District utilizes the Applicable Federal Rate (AFR) to discount the subscription payments.

During the Fiscal year, the District recorded \$845,000 in amortization expense and \$36,000 in interest expense for the right to use subscription software.

Future Subscription liability requirements are as follows (in thousands):

Fiscal year Ending June 30,	Principal	Interest
2025	737	22
2026	421	9
2027	65	2
Total	\$ 1,223	\$ 33

San Mateo County Transit District

Notes to the Financial Statements

June 30, 2024 and June 30, 2023

Note 9 - Pension Plan

Plan Description

General Information About the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees, including those assigned to work for the Peninsula Corridor Joint Powers Board (JPB) and the San Mateo County Transportation Authority (Transportation Authority), are eligible to participate in the District’s defined benefit pension plan, an agent multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefits are established by contract with CalPERS in accordance with the provisions of the Public Employees’ Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that 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 CalPERS credited service are eligible to retire at age 50 with statutorily reduced benefits. Effective January 1, 2013, new CalPERS members are subject to the Public Employees’ Pension Reform Act (PEPRA); to be eligible for retirement, a PEPRA employee must be at least 52 years of age. 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.

The plan provisions and benefits in effect at June 30, 2024, are summarized as follows:

Hire date	<u>Prior to June 1, 2012</u>	<u>June 1, 2012 through December 31, 2012</u>	<u>On or after January 1, 2013</u>
Benefit formula	2.0% at 55	2.0% at 60	2.0% at 62
Minimum years of service to vest	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Earliest retirement age	50	50	52
Required employee contribution rates	8.000%	8.000%	8.000%
Required employer contribution rates*	9.470%	9.470%	9.470%

*Excluding an additional UAL payment in the amount of \$6,018,269

San Mateo County Transit District
Notes to the Financial Statements
June 30, 2024 and June 30, 2023

Employees Covered – At June 30, 2024, the following employees were covered by the plan:

Inactive employees (or their beneficiaries) currently receiving benefits	719
Inactive employees entitled to but not yet receiving benefits	251
Active employees	<u>734</u>
Total number of employees covered by the benefit terms	<u><u>1,704</u></u>

Employees Covered – At June 30, 2023, the following employees were covered by the plan:

Inactive employees (or their beneficiaries) currently receiving benefits	692
Inactive employees entitled to but not yet receiving benefits	241
Active employees	<u>703</u>
Total number of employees covered by the benefit terms	<u><u>1,636</u></u>

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers to 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 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Annually, in addition to funding the “normal cost” of the pension plan, the District is required to amortize a portion of the unfunded accrued liability through a payment into the plan. A portion of this cost is attributed to the JPB and the Transportation Authority. In Fiscal Year 2024, the JPB’s portion of this payment was \$976,000, and the Transportation Authority’s portion of this payment was \$124,000; In Fiscal Year 2023, the JPB’s portion of this payment was \$1,090,000, and the Transportation Authority’s portion of this payment was \$139,000.

On May 3, 2023, the District’s Board of Directors approved establishment of a California Employers’ Pension Prefunding Trust (CEPPT) Account for the District with the California Public Employees’ Retirement System (CalPERS) and directed the staff to open and fund the trust account over FY23 and FY24 with a \$21 million pension prepayment reserve fund contribution that was included in the District’s 2023 Operating Budget. The CalPERS CEPPT trust fund program allows state and local public employers to prefund their future pension costs through an investment vehicle designed to accumulate assets over time. By establishing a CEPPT trust fund account, the District can proactively manage its long-term pension costs and liabilities by using assets in the trust to manage growing pension liabilities, including future normal costs and Unfunded Accrued Liability (UAL) payments. The assets in the trust can be used to stabilize pension rates and offset unexpected contribution rate increases, as well as to act as a rainy-day fund to ensure resources are available for pension obligations when revenues are impaired, based on economic or other conditions. As of June 30, 2024, the District has contributed the entire \$21 million reserve in the Account.

San Mateo County Transit District

Notes to the Financial Statements
June 30, 2024 and June 30, 2023

Net Pension Liability

The District’s net pension liability for Fiscal Year 2024 is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability for Fiscal Year 2024 is measured as of June 30, 2023, using an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The District’s net pension liability for Fiscal Year 2023 is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability for Fiscal Year 2023 is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. Net pension liability includes all employees assigned to work for the JPB and the Transportation Authority. A summary of principal assumptions and methods used in the latest actuarial valuation to determine the net pension liability follows.

Actuarial Assumptions – The total pension liabilities in the June 30, 2023 and June 30, 2024 actuarial valuations were determined using the following actuarial assumptions:

	2023	2024
Valuation Date	June 30, 2021	June 30, 2022
Measurement Date	June 30, 2022	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions		
Discount Rate	6.90%	6.90%
Inflation	2.50%	2.50%
Payroll Growth	2.75%	2.75%
Projected Salary Increase	Varies by Entry-Age and Service	Varies by Entry-Age and Service
Investment Rate of Return	7.00% (1)	7.00% (1)
Mortality	(2)	(2)

(1) Net of pension plan investment and administrative expenses, including inflation.

(2) The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Further details regarding the experience study can be found on the CalPERS website.

San Mateo County Transit District

Notes to the Financial Statements
June 30, 2024 and June 30, 2023

Discount Rate – The discount rate used to measure the total pension liability was 6.9 (7.15 in 2022) percent for each Plan for both Fiscal Years ended June 30, 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the District’s contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of 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 6.9% rate of return on pension plan investments, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the 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. These rates of return are net of administrative expenses.

Asset Class ¹	New Strategic Allocation	Real Returns ^{1,2}
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100%	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2022 Asset Liability Management study.

Source: CalPERS 2023 Annual Comprehensive Financial Report.

San Mateo County Transit District
Notes to the Financial Statements
June 30, 2024 and June 30, 2023

Changes in the Net Pension Liability

The changes in the net pension liability recognized over the measurement period ended June 30, 2023 (Fiscal Year ended June 30, 2024) is as follow (in thousands):

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2023	\$ 433,260	\$ 342,963	\$ 90,297
Changes recognized for the measurement period			
Service cost	11,456	-	11,456
Interest on the total pension liability	29,756	-	29,756
Changes of benefit terms	499	-	499
Difference between expected and actual experience	2,157	-	2,157
Contributions from the employer	-	13,146	(13,146)
Contributions from employees	-	5,348	(5,348)
Net investment income	-	21,362	(21,362)
Benefit Payments, including refunds	(20,805)	(20,805)	-
Administrative Expense	-	(252)	252
Net changes	<u>23,063</u>	<u>18,799</u>	<u>4,264</u>
Balance at June 30, 2024	<u>\$ 456,323</u>	<u>\$ 361,762</u>	<u>\$ 94,561</u>

The changes in the Net Pension Liability recognized over the measurement period ended June 30, 2022 (Fiscal Year ended June 30, 2023) is as follow (in thousands):

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2022	\$ 405,661	\$ 374,025	\$ 31,636
Changes recognized for the measurement period			
Service cost	10,516	-	10,516
Interest on the total pension liability	28,240	-	28,240
Changes of assumptions	12,758	-	12,758
Difference between expected and actual experience	(4,875)	-	(4,875)
Contributions from the employer	-	11,844	(11,844)
Contributions from employees	-	4,636	(4,636)
Net investment income	-	(28,268)	28,268
Benefit Payments, including refunds	(19,040)	(19,040)	-
Administrative Expense	-	(234)	234
Net changes	<u>27,599</u>	<u>(31,062)</u>	<u>58,661</u>
Balance at June 30, 2023	<u>\$ 433,260</u>	<u>\$ 342,963</u>	<u>\$ 90,297</u>

San Mateo County Transit District

Notes to the Financial Statements

June 30, 2024 and June 30, 2023

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability for the measurement period ended June 30, 2023 (Fiscal Year ended June 30, 2024) calculated using the plan discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (in thousands):

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Discount Rate	5.90%	6.90%	7.90%
Net Pension Liability	\$ 151,812	\$ 94,561	\$ 46,796

The following presents the net pension liability for the measurement period ended June 30, 2022 (Fiscal Year ended June 30, 2023) calculated using the plan discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (in thousands):

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Discount Rate	5.90%	6.90%	7.90%
Net Pension Liability	\$ 145,206	\$ 90,297	\$ 44,521

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – For the year ended June 30, 2024, the District recognized pension expense of \$18,735,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 14,379	\$ -
Changes of assumptions	5,468	-
Differences between expected and actual experiences	1,522	(2,318)
Net differences between projected and actual earnings on plan investments	16,337	-
Total	\$ 37,706	\$ (2,318)

San Mateo County Transit District
Notes to the Financial Statements
June 30, 2024 and June 30, 2023

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – For the year ended June 30, 2023, the District recognized pension expense of \$12,844,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 13,147	\$ -
Changes of assumptions	9,113	-
Differences between expected and actual experiences	14	(4,168)
Net differences between projected and actual earnings on plan investments	17,375	-
Total	<u>\$ 39,649</u>	<u>\$ (4,168)</u>

Deferred outflows of resources related to contributions subsequent to the measurement date is \$13,147,000, which will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as a reduction to pension expense as follows (in thousands):

<u>Year Ended June 30</u>	
2025	\$ 5,609
2026	3,468
2027	11,490
2028	442
Total	<u>\$ 21,009</u>

Note 10 - Post-Retirement Health Care Benefits

Plan Description and Benefits Provided

In August 1993, the District’s Board of Directors adopted the San Mateo County Transit District Retiree Healthcare Plan (Plan). The Plan provides lifetime post-retirement CalPERS medical care insurance benefits to qualified retirees, those who have attained at least 50 years of age and have at least five years of service and who retire under CalPERS within 120 days of separation from District employment, and their eligible dependents and surviving spouses. Benefit allowance provisions are established, and may be amended, through agreements and memorandums of understanding (MOUs) between the District, its management employees and unions representing District employees. In April 2008, the District's Board of Directors adopted an Other Post Employment Benefit (OPEB) funding plan (Plan) and in April 2009, as authorized by that plan, adopted the California Employers’ Retiree Benefit Trust (CERBT), a tax-exempt Internal Revenue Code section 115 trust administered by CalPERS.

San Mateo County Transit District

Notes to the Financial Statements
June 30, 2024 and June 30, 2023

The Plan provides qualified retirees for life with a cash subsidy in the form of a fixed-dollar District contribution directly to CalPERS for monthly medical insurance premiums of up to \$476 for employee-only coverage, \$953 for employee-plus-one coverage, or \$1,239 for employee-plus-two coverage. However, for Kaiser plans specifically, the rate is \$432 for employee coverage, \$864 for employee-plus-one coverage, or \$1,123 for employee-plus-family coverage. Retirees can select from various health plans offered by the District through CalPERS such as Blue Shield, Kaiser, Health Net, Anthem, and United Healthcare. If a qualified retiree waives coverage, the retiree will not receive the District's contribution.

The District contributes to the CERBT, an agent multiple employer defined benefit other postemployment benefits plan that is an irrevocable trust established to fund postemployment healthcare benefits. This trust is not considered a component unit of the District and is excluded from these financial statements. The CERBT issues a publicly available annual financial report, which may be obtained from the CalPERS website. At the June 30, 2022 and June 30, 2023 measurement dates, the numbers of active and retired District employees covered by the Plan were as follows:

	<u>2023</u>	<u>2022</u>
Retired employees receiving benefits	436	421
Retired employees entitled to but not receiving benefits	136	137
Active plan members	<u>794</u>	<u>762</u>
Total	<u>1,366</u>	<u>1,320</u>

Funding Policy and Contribution

The Plan also called for increasing amounts to be funded into the trust each year until the full Annual Determined Contribution (ADC) can be funded on an annual basis. The District contributes an amount that is actuarially determined that 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 thirty years.

In Fiscal Year ended June 30, 2024, the District contributed \$4,000,000 to the established trust fund through CERBT. In addition, the District contributed \$3,506,000 in pay-as-you-go amounts for the year ended June 30, 2024. Additional contributions were in the form of an implicit subsidy in the amount of \$717,000 were made.

In Fiscal Year ended June 30, 2023, the District contributed \$4,000,000 to the established trust fund through CERBT. In addition, the District contributed \$2,803,000 in pay-as-you-go amounts for the year ended June 30, 2023. Additional contributions in the form of an implicit subsidy in the amount of \$635,000 were made.

San Mateo County Transit District

Notes to the Financial Statements
June 30, 2024 and June 30, 2023

Annually, in addition to funding the “normal cost” of the OPEB plan, the District is required to amortize a portion of the unfunded accrued liability through a payment into the plan. A portion of this cost is attributed to the JPB and the Transportation Authority. In Fiscal Year 2024, the JPB’s portion of this payment was \$456,000, and the Transportation Authority’s portion of this payment was \$32,000; In Fiscal Year 2023, the JPB’s portion of this payment was \$456,000, and the Transportation Authority’s portion of this payment was \$32,000.

Net OPEB Liability

The District’s net OPEB liability includes all employees assigned to work for the JPB and the Transportation Authority. It was measured as of June 30, 2023 for the Fiscal Year ended on June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023 that was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Discount Rate	6.25%
Inflation	2.50%
Investment Rate of Return	6.25%
Mortality	Projected fully generational with Scale MP-2021
Healthcare Trend Rate	Non-Medicare – 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare – 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076

The District’s net OPEB liability was measured as of June 30, 2022 for the Fiscal Year ended on June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021, that was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Discount Rate	6.25%
Inflation	2.50%
Investment Rate of Return	6.25%
Mortality	Projected fully generational with Scale MP-2020
Healthcare Trend Rate	Non-Medicare – 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare – 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076

San Mateo County Transit District
Notes to the Financial Statements
June 30, 2024 and June 30, 2023

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:

<u>Asset Class</u>	<u>Target Allocation ⁽¹⁾</u>	<u>Long-Term Expected Real Rate of Return ⁽²⁾</u>
Global Equity	49.00%	4.56%
Fixed Income	23.00%	1.56%
TIPS	5.00%	-0.08%
Commodities	3.00%	1.22%
REITs	20.00%	4.06%
	<u>100.00%</u>	

(1) The long-term expected real rates of return are presented as geometric means.

(2) Includes 2.5% inflation.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.25 percent for the measurement date as of June 30, 2023 and 6.25 percent for the measurement date as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that District contributions will 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.

San Mateo County Transit District

Notes to the Financial Statements

June 30, 2024 and June 30, 2023

Change in Net OPEB Liability

The changes in the net OPEB liability for the District’s plan over the measurement period ended June 30, 2023 (Fiscal Year ended June 30, 2024) are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2023	\$ 54,461	\$ 36,141	\$ 18,320
Changes for the year:			
Service cost	1,734	-	1,734
Interest	3,405	-	3,405
Differences between actual and expected experience	(3,424)	-	(3,424)
Changes in assumptions	(1,203)	-	(1,203)
Contribution - employer	-	7,438	(7,438)
Net investment income	-	2,422	(2,422)
Benefit payments and refunds	(3,427)	(3,427)	-
Administrative expenses	-	(22)	22
Net changes	<u>(2,915)</u>	<u>6,411</u>	<u>(9,326)</u>
Balance at June 30, 2024	<u>\$ 51,546</u>	<u>\$ 42,552</u>	<u>\$ 8,994</u>

The changes in the net OPEB liability for the District’s plan over the measurement period ended June 30, 2022 (Fiscal Year ended June 30, 2023) are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022	\$ 52,926	\$ 37,515	\$ 15,411
Changes for the year:			
Service cost	1,688	-	1,688
Interest	3,306	-	3,306
Changes in assumptions	-	-	-
Contribution - employer	-	7,467	(7,467)
Net investment income	-	(5,364)	5,364
Benefit payments and refunds	(3,459)	(3,459)	-
Administrative expenses	-	(18)	18
Net changes	<u>1,535</u>	<u>(1,374)</u>	<u>2,909</u>
Balance at June 30, 2023	<u>\$ 54,461</u>	<u>\$ 36,141</u>	<u>\$ 18,320</u>

San Mateo County Transit District

Notes to the Financial Statements
June 30, 2024 and June 30, 2023

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the year ended June 30, 2024 and 2023:

Net OPEB Liability for the Fiscal Year Ended on June 30, 2024		
Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
(5.25%)	(6.25%)	(7.25%)
\$ 13,879	\$ 8,994	\$ 4,778

Net OPEB Liability for the Fiscal Year Ended on June 30, 2024		
Trend Rate - 1%	Current Trend	Trend Rate + 1%
\$ 7,806	\$ 8,994	\$ 10,580

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for the year ended June 30, 2024 and 2023:

Net OPEB Liability for the Fiscal Year Ended on June 30, 2023		
Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
(5.25%)	(6.25%)	(7.25%)
\$ 23,670	\$ 18,320	\$ 13,733

Net OPEB Liability for the Fiscal Year Ended on June 30, 2023		
Trend Rate - 1%	Current Trend	Trend Rate + 1%
\$ 16,733	\$ 18,320	\$ 20,471

OPEB Plan Fiduciary Net Position

CalPERS issues a publicly available financial report that may be obtained from CalPERS website at <http://www.calpers.ca.gov>.

San Mateo County Transit District
Notes to the Financial Statements
June 30, 2024 and June 30, 2023

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

For the Fiscal Year ended June 30, 2024, the District recognized an OPEB expense in the amount of \$2,107,000. As of Fiscal Year ended June 30, 2024, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 7,765	\$ -
Changes of Assumptions	1,655	(1,455)
Differences between Expected and Actual Experiences	-	(5,424)
Net differences between projected and actual earnings on plan investments	2,486	-
Total	<u>\$ 11,906</u>	<u>\$ (6,879)</u>

For the Fiscal Year ended June 30, 2023, the District recognized an OPEB expense in the amount of \$2,572,000. As of Fiscal Year ended June 30, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 7,438	\$ -
Changes of Assumptions	2,142	(628)
Differences between Expected and Actual Experiences	-	(3,438)
Net differences between projected and actual earnings on plan investments	3,181	-
Total	<u>\$ 12,761</u>	<u>\$ (4,066)</u>

San Mateo County Transit District
Notes to the Financial Statements
June 30, 2024 and June 30, 2023

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss. The contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The other deferrals are amortized over the remaining 6 years from 2023 to 2029 and thereafter as follows:

<u>Year Ended</u> <u>June 30</u>		
2025	\$	(757)
2026		(738)
2027		644
2028		(765)
2029		(701)
Thereafter		(421)
Total	\$	(2,738)

Note 11 - Insurance Programs

The District is exposed to various risks of loss including but not limited to those related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District is self-insured for a portion of its public liability, property damage and workers' compensation liability. As of June 30, 2024, coverage provided by self-insurance and excess coverage (purchased by the District) is generally summarized as follows:

<u>Type of coverage</u>	<u>Self-Insured Retention (in thousands)</u>	<u>Excess Insurance (in thousands)</u>
General Liability and Auto Liability	\$3,000 per occurrence	\$99,000 per occurrence/ annual aggregate
Workers' Compensation Employment Practices	\$1,000 per occurrence \$500 per claim	\$10,000 per occurrence \$5,000 aggregate
Bus Physical Damage	\$50 maximum per vehicle / \$150 maximum per occurrence	\$25,000 per occurrence \$164,066 Total Insurable Values (TIV)
Real and Personal Property Environmental Liability	\$25 per occurrence \$50 per occurrence	\$153,987 Total Insurable Values (TIV) \$5,000 per occurrence/ annual aggregate
Fiduciary Liability Cyber Liability	\$10 per occurrence \$100 per occurrence	\$2,000 aggregate \$5,000 aggregate
Crime Insurance/Employee Dishonesty	\$50 per occurrence except for computer fraud and funds transfer	\$5,000 per loss
Kidnap & Ransom	\$0	\$1,000 aggregate

San Mateo County Transit District
Notes to the Financial Statements
June 30, 2024 and June 30, 2023

With the exception of the older, 2009 Gillig buses insured at actual cash value (ACV), all rolling stock is insured at full replacement value for total insurable values (TIV) of \$164,066,000. Real and Personal Property is insured for total insurable values (TIV) of \$153,987,000 and is inclusive of \$25,000,000 in state and federally mandated flood insurance. General Liability is inclusive of Public Officials Liability up to \$50,000,000. Coverage extends to the Transportation Authority in excess of the Authority's own \$11,000,000 in general liability coverage and \$3,000,000 public officials liability policy. Terrorism coverage applies to Liability and Property. Earthquake coverage remains cost prohibitive to procure. To date there have been no significant reductions in any of the District's insurance coverage. Settlements have not exceeded excess coverages for each of the past three Fiscal Years.

The unpaid claims liabilities are based on the results of actuarial studies and include amounts for claims incurred but not reported and incremental claim expenses. Allocated and unallocated claims adjustment expenses are included in the claims liability balances. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

Annual expense is charged using various allocation methods that include actual costs, trends in claims experience, and number of participants. It is the District's practice to obtain full actuarial studies annually.

Changes in the balances of claims liabilities for the three years ended June 30 for public liability, property damage and workers' compensation are as follows (in thousands):

	2024	2023	2022
Self-insurance liabilities, beginning of year	\$ 12,271	\$ 9,167	\$ 13,333
Incurred claims and changes in estimates	11,259	6,917	(771)
Claim payments and related costs	(4,901)	(3,813)	(3,395)
Total Self-insurance claims liabilities	<u>18,629</u>	<u>12,271</u>	<u>9,167</u>
Less current portion	<u>7,207</u>	<u>4,838</u>	<u>5,576</u>
Noncurrent portion	<u>\$ 11,422</u>	<u>\$ 7,433</u>	<u>\$ 3,591</u>

Note 12 - Commitment and Contingent Liabilities

Legal

The District is directly and indirectly involved in various litigation matters relating principally to claims alleging personal injury and property damage arising from incidents related to the provision of its transit service. In the opinion of District management and legal counsel, as of June 30, 2024, the ultimate resolution of these matters will not materially affect the District's financial position.

San Mateo County Transit District
Notes to the Financial Statements
June 30, 2024 and June 30, 2023

Grants

The District's grants are subject to review and audit. Such audits could lead to requests for reimbursement for expenditures disallowed under the terms of the grants. In the opinion of District management, such allowances, if any, will not materially affect the District's financial position.

Note 13 - PTMISEA Grants

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B on November 7, 2006, includes a program of funding in the amount of \$4 billion to be deposited in the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). The PTMISEA grant funding awarded to the District were fully expended as of June 30, 2023.

DRAFT

San Mateo County Transit District
Notes to the Financial Statements
June 30, 2024 and June 30, 2023

Note 14 - Hedge Program

In order to create more certain future diesel fuel costs and to manage the budget risk caused by uncertain future diesel fuel prices, the District established a diesel fuel hedging program. The hedging instruments used are New York Harbor Ultra Low Sulfur Diesel (NYHRBRULSD) futures contracts with a notional amount of 42,000 gallons each as listed on the New York Mercantile Exchange Clearinghouse (NYMEX).

As of June 30, 2024, the District had 31 futures contracts. As of June 30, 2024, the aggregate fuel hedge contracts covered a period from July 2024 through June 2025. As of June 30, 2023, The District had 35 futures contracts. As of June 30, 2023, the aggregate fuel hedge contracts covered a period from July 2023 through June 2024.

The District enters into futures contracts to hedge its price exposures to diesel fuel which is used in District vehicles to provide transportation. These contracts are derivative instruments. The effectiveness of the hedge is determined according to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which require a statistically strong relationship between the price of the futures contracts and the District's cost of diesel fuel from suppliers in order to ensure that the futures contracts effectively hedge the expected cash flows associated with diesel fuel purchases/exposures. The District applies hedge accounting for derivatives that are deemed effective hedges. Under hedge accounting, the increase (decrease) in the fair value of a hedge is reported as a deferred cash flow on the statement of net position. For the reporting period, all of the District's derivatives meet the effectiveness tests. Net gains/losses from completed hedges become an element of diesel fuel cost.

For diesel fuel futures contracts, the fair values are determined according to exchange settlement prices and the prices at which the futures contracts were purchased where each contract has a volume of 42,000 gallons. The following is a summary of the fair values and notional amounts of derivative instruments (diesel futures contracts) outstanding as of June 30, 2024 (in thousands):

(in thousands)	2024 Change in Fair Value		Fair Value, June 30, 2024		Notional
	Classification	Amount	Classification	Amount	
Effective Cash Flow Hedges					
Futures contracts	Deferred Inflow	\$ (384)	Derivative Instruments	\$ (103)	1,302 Gallons

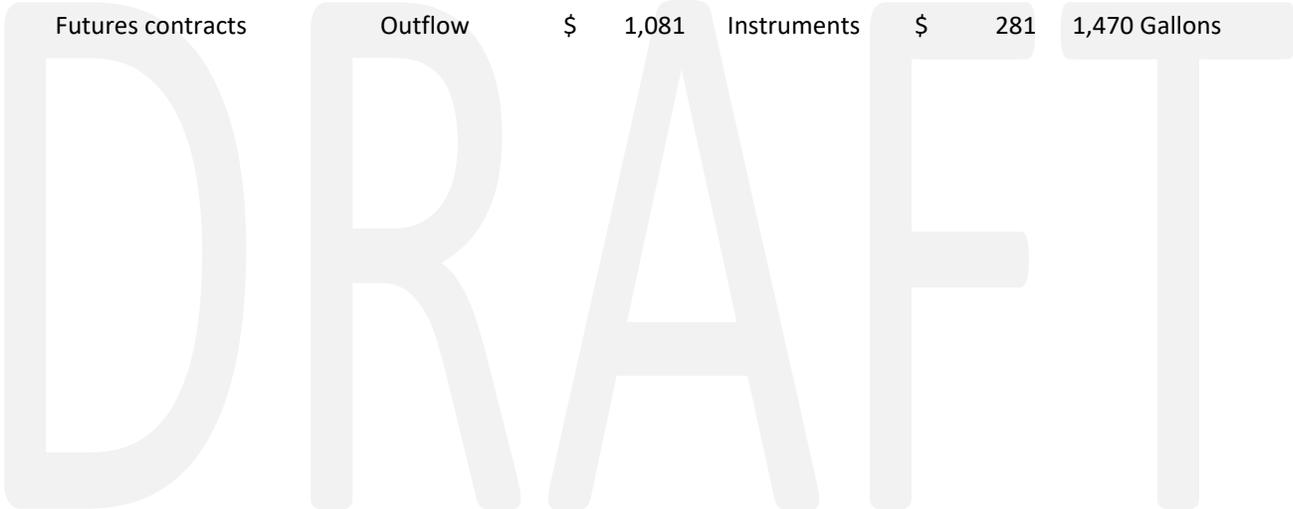
San Mateo County Transit District

Notes to the Financial Statements

June 30, 2024 and June 30, 2023

For diesel fuel futures contracts, the fair values are determined according to exchange settlement prices and the prices at which the futures contracts were purchased where each contract has a volume of 42,000 gallons. The following is a summary of the fair values and notional amounts of derivative instruments (diesel futures contracts) outstanding as of June 30, 2023 (in thousands):

(in thousands)	2023 Change in Fair Value		Fair Value, June 30, 2023		Notional
	Classification	Amount	Classification	Amount	
Effective Cash Flow Hedges					
Futures contracts	Deferred Outflow	\$ 1,081	Derivative Instruments	\$ 281	1,470 Gallons



DRAFT

This Page Intentionally Left Blank.

Required Supplementary Information
June 30, 2024

San Mateo County Transit District

DRAFT

San Mateo County Transit District
Schedule of Changes in the Net OPEB Liability and Related Ratios

(Amounts in thousands)	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018*
Total OPEB Liability							
Service cost	\$ 1,734	\$ 1,688	\$ 1,588	\$ 1,623	\$ 1,638	\$ 1,659	\$ 1,611
Interest on Total OPEB Liability	3,405	3,306	3,497	3,446	3,486	3,367	3,247
Changes of Assumptions	(1,203)	-	3,116	(931)	(330)	-	-
Difference Between Expected and Actual Experience	(3,424)	-	(3,838)	-	(2,076)	-	-
Benefit Payments, Including Refunds of Employee Contributions	(3,427)	(3,459)	(3,340)	(3,318)	(3,281)	(3,199)	(3,032)
Net Change in Total OPEB Liability	(2,915)	1,535	1,023	820	(563)	1,827	1,826
Total OPEB Liability - Beginning	54,461	52,926	51,903	51,083	51,646	49,819	47,993
Total OPEB Liability - Ending	<u>\$ 51,546</u>	<u>\$ 54,461</u>	<u>\$ 52,926</u>	<u>\$ 51,903</u>	<u>\$ 51,083</u>	<u>\$ 51,646</u>	<u>\$ 49,819</u>
Fiduciary Net Position							
Contributions - Employer	\$ 7,438	\$ 7,467	\$ 6,586	\$ 6,565	\$ 6,327	\$ 6,746	\$ 5,032
Net Investment Income	2,422	(5,364)	7,469	725	1,219	1,143	1,174
Benefit Payments, Including Refunds of Employee Contributions	(3,427)	(3,459)	(3,340)	(3,318)	(3,281)	(3,199)	(3,032)
Administrative Expense	(22)	(18)	(18)	(20)	(12)	(36)	(6)
Net Change in Fiduciary Net Position	6,411	(1,374)	10,697	3,952	4,253	4,654	3,168
Plan Fiduciary Net Position - Beginning	36,141	37,515	26,818	22,866	18,613	13,959	10,791
Plan Fiduciary Net Position - Ending	<u>\$ 42,552</u>	<u>\$ 36,141</u>	<u>\$ 37,515</u>	<u>\$ 26,818</u>	<u>\$ 22,866</u>	<u>\$ 18,613</u>	<u>\$ 13,959</u>
Net OPEB Liability - Ending	<u>\$ 8,994</u>	<u>\$ 18,320</u>	<u>\$ 15,411</u>	<u>\$ 25,085</u>	<u>\$ 28,217</u>	<u>\$ 33,033</u>	<u>\$ 35,860</u>
Fiduciary Net Position as a Percentage of the Total OPEB Liability	82.55%	66.36%	70.88%	51.67%	44.76%	36.04%	28.02%
Covered Payroll	\$ 87,771	\$ 80,473	\$ 71,296	\$ 74,287	\$ 70,978	\$ 64,378	\$ 49,777
Net OPEB Liability as a Percentage of Covered Payroll	10.25%	22.77%	21.62%	33.77%	39.75%	51.31%	72.04%
Measurement date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017

*Historical information is not available prior to the implementation of the OPEB standards.

San Mateo County Transit District
Schedule of OPEB Contributions

(Amounts in thousands)	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018*
Actuarially Determined Contribution	\$ 7,765	\$ 7,438	\$ 7,467	\$ 6,585	\$ 6,565	\$ 6,326	\$ 6,080
Benefit Payments, Including Refunds of Employee Contributions	(7,765)	(7,438)	(7,467)	(6,585)	(6,565)	(6,326)	(6,080)
Contribution Deficiency (Excess)	\$ -						
Covered Payroll	103,063	87,771	80,473	71,296	74,287	70,978	64,378
Contributions as a Percentage of Covered Payroll	7.53%	8.47%	9.28%	9.24%	8.84%	8.91%	10.83%
Actuarial Valuation Date	6/30/2023	6/30/2021	6/30/2021	6/30/2019	6/30/2019	6/30/2017	6/30/2017

* Historical information is not available prior to the implementation of the OPEB standards.

DRAFT

San Mateo County Transit District
Schedule of Changes in the District's Net Pension Liability and Related Ratios

(Amounts in thousands)	2024	2023 ⁽³⁾	2022	2021	2020	2019	2018	2017 ⁽²⁾	2016	2015 ⁽¹⁾
Total pension liability										
Service cost	\$ 11,456	\$ 10,516	\$ 9,837	\$ 9,524	\$ 8,706	\$ 8,511	\$ 8,145	\$ 7,020	\$ 6,831	\$ 7,062
Interest on the total pension liability	29,756	28,240	27,333	26,145	24,887	23,524	22,342	21,338	20,157	-
Changes of assumptions	499	12,758	-	-	-	(2,738)	18,030	-	(4,780)	-
Difference between expected and actual experience	2,157	(4,875)	(1,601)	87	1,785	2,022	(1,390)	(903)	(894)	18,965
Benefit payments, including refunds of employee contributions	(20,805)	(19,040)	(17,746)	(17,477)	(15,487)	(14,227)	(12,618)	(11,410)	(10,095)	(9,115)
Net change in total pension liability	23,063	27,599	17,823	18,279	19,891	17,092	34,509	16,045	11,219	16,912
Total pension liability - beginning of year	433,260	405,661	387,838	369,559	349,668	332,576	298,067	282,023	270,804	253,892
Total pension liability - end of year	\$ 456,323	\$ 433,260	\$ 405,661	\$ 387,838	\$ 369,559	\$ 349,668	\$ 332,576	\$ 298,068	\$ 282,023	\$ 270,804
Fiduciary net position										
Net plan to plan resource movement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1)	\$ -	\$ -	\$ -	\$ -
Contributions from the employer	13,146	11,844	10,714	9,633	8,159	6,603	5,961	5,014	4,192	4,023
Contributions from employees	5,348	4,636	4,379	4,434	4,157	3,703	3,489	3,428	3,199	3,312
Net investment income	21,362	(28,268)	69,515	14,835	18,503	22,310	26,892	1,287	5,413	35,934
Benefit payments, including refunds of employee contributions	(20,805)	(19,040)	(17,746)	(17,477)	(15,487)	(14,227)	(12,618)	(11,410)	(10,095)	(9,115)
Administrative expense	(252)	(234)	(307)	(418)	(201)	(412)	(355)	(148)	(273)	-
Other miscellaneous income/(expense)	-	-	-	-	1	(782)	-	-	-	-
Net change in fiduciary net position	18,799	(31,062)	66,555	11,007	15,132	17,194	23,369	(1,829)	2,436	34,154
Fiduciary net position - beginning of year	342,963	374,025	307,470	296,463	281,331	264,137	240,768	242,596	240,160	206,006
Fiduciary net position - end of year	\$ 361,762	\$ 342,963	\$ 374,025	\$ 307,470	\$ 296,463	\$ 281,331	\$ 264,137	\$ 240,767	\$ 242,596	\$ 240,160
Net pension liability	\$ 94,561	\$ 90,297	\$ 31,636	\$ 80,368	\$ 73,096	\$ 68,337	\$ 68,439	\$ 57,301	\$ 39,427	\$ 30,644
Fiduciary net position as a percentage of the total pension liability	79.28%	79.16%	79.28%	79.28%	80.22%	80.46%	79.42%	80.78%	86.02%	88.68%
Covered payroll	\$ 63,387	\$ 64,630	\$ 64,932	\$ 64,630	\$ 64,498	\$ 61,004	\$ 56,133	\$ 49,777	\$ 47,112	\$ 45,795
Net pension liability as percentage	149.18%	139.06%	124.61%	124.61%	119.82%	121.74%	137.49%	121.63%	83.59%	66.92%
Measurement date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

⁽¹⁾ Ten year information is not available before the implementation of the pension standards.

⁽²⁾ In 2017 the discount rate was changed to 7.15 percent from 7.65 percent.

⁽³⁾ In 2023 the discount rate was changed to 6.90 percent from 7.15 percent.

San Mateo County Transit District
Schedule of District's Pension Contributions

(Amounts in thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 14,379	\$ 13,147	\$ 11,842	\$ 10,714	\$ 9,633	\$ 8,158	\$ 6,603	\$ 5,943	\$ 5,014	\$ 4,192
Contributions in relation to the actuarially determined contributions	(14,379)	(13,147)	(11,842)	(10,714)	(9,633)	(8,158)	(6,603)	(5,943)	(5,014)	(4,192)
Contribution deficiency (excess)	\$ -									
Covered payroll	\$ 68,805	\$ 63,387	\$ 64,932	\$ 64,630	\$ 64,498	\$ 61,004	\$ 56,133	\$ 49,777	\$ 47,112	\$ 47,169
Contributions as a percentage of covered payroll	20.90%	20.74%	18.24%	16.58%	14.94%	13.37%	11.76%	11.94%	10.64%	8.53%
Actuarial Valuation Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012

DRAFT

San Mateo County Transit District
Notes to Required Supplementary Information
June 30, 2024

Note 1 – OPEB Methods and Assumptions used to Determine Contributions

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry-Age Normal Cost Method
Asset Valuation Method	Fair Value of Assets
Amortization Method	Level Percent of Payroll
Actuarial Assumptions	
Discount Rate	6.25%
Inflation	2.50%
Aggregate Payroll Increase	2.75%
Salary Merit and Longevity Increases	CalPERS 2000-2019 Experience Study

Note 2 – Pension Methods and Assumptions used to Determine Contributions

Actuarial Cost Method	Entry-Age Normal Cost Method									
Asset Valuation Method	Fair Value of Assets									
Actuarial Assumptions										
Actuarial Valuation Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Discount Rate	7.000%	7.000%	7.000%	7.250%	7.250%	7.375%	7.500%	7.500%	7.500%	7.500%
Inflation	2.500%	2.500%	2.500%	2.625%	2.625%	2.750%	2.750%	2.750%	2.750%	2.750%
Payroll Growth	2.750%	2.750%	2.750%	2.875%	2.875%	3.000%	3.000%	3.000%	3.000%	3.000%
Projected Salary Increase	Varies by Entry-Age and Service									
Mortality	Rates Vary by Age, Type of Retirement and Gender									

Supplementary Information
June 30, 2024

San Mateo County Transit District

DRAFT

San Mateo County Transit District

Schedule of Revenues, Expenses, Capital Outlay, and Long-Term Debt Payment Comparison of Budget to Actual (Budgetary Basis)
Year Ended June 30, 2024

(Amounts in thousands)

	Budget	Actual	Variance Positive (Negative)
Operating Revenues - Passenger Fares	\$ 11,506	\$ 12,719	\$ 1,213
Operating Expenses:			
Salaries and benefits	102,267	98,944	3,323
Contract operations and maintenance services	54,378	52,198	2,180
Other services	15,046	13,715	1,331
Materials and supplies	12,138	12,100	38
Insurance	11,708	17,245	(5,537)
Miscellaneous	16,502	12,764	3,738
Total operating expenses	<u>212,039</u>	<u>206,966</u>	<u>5,073</u>
Operating loss	<u>(200,533)</u>	<u>(194,247)</u>	<u>6,286</u>
Nonoperating Revenues (Expenses)			
Operating assistance	253,415	258,451	5,036
Investment income	8,099	18,562	10,463
Interest expense	8,241	(5,589)	(13,830)
Other income, net	3,679	20,934	17,255
Total nonoperating income (expenses)	<u>273,434</u>	<u>292,358</u>	<u>18,924</u>
Income (loss) before capital outlay and long-term debt principal payments	<u>72,901</u>	<u>98,111</u>	<u>25,210</u>
Capital Outlay			
Capital assistance	18,926	24,016	5,090
Capital expenditures	<u>(18,926)</u>	<u>(24,016)</u>	<u>(5,090)</u>
Net capital outlay	-	-	-
Long-term debt principal or interest payment	<u>(12,579)</u>	<u>(12,579)</u>	<u>-</u>
Excess (Deficiency) Of Revenues and Nonoperating Income Over Expenses, Capital Outlay and Debt Principal Payments	<u>\$ 60,322</u>	<u>\$ 85,532</u>	<u>\$ 25,210</u>

Note 1 - Budgetary Basis of Accounting

The District prepares its budget on a basis of accounting that differs from Generally Accepted Accounting Principles (GAAP). The actual results of operations are presented in the supplemental schedule on the budgetary basis to provide a meaningful comparison of actual results with budget. In addition, certain budget amounts have been reclassified to conform to the presentation of actual amounts in the supplemental schedule. Budgeted amounts presented are the final adopted budget. The primary difference between the budgetary basis of accounting and GAAP concerns capital assets. Depreciation and amortization expense per GAAP is not budgeted and budgeted capital expenditures are not recorded as an expense per GAAP. In addition, unrealized gains and losses under GASB Statement No. 31 are not recognized as well as some long-term expenses such as OPEB and bond related payments.

Note 2 - Reconciliation of Budgetary Basis to GAAP Basis

A reconciliation of the budgetary basis of accounting to GAAP is as follows (in thousands):

Excess of revenues and non-operating income over expenses, capital outlay and debt principal payment		\$ 85,532
Capital expenditures	\$ 24,016	
Depreciation and amortization	(17,514)	
Postemployment benefits accrual	5,658	
Pension Expense - GASB 68	(4,356)	
Long-term debt principal payments	12,579	
GASB 31 unrealized gain/loss	6,225	
Expense for noncapitalized projects	(2,788)	
Capital gain (losses) on investment	(315)	
Bond refunding costs amortization expense	(700)	
Interest Income Invest Premium/Discount	206	
Bond premium amortization	1,909	
Sub-total reconciling items		<u>24,920</u>
Change in net position, GAAP basis		<u>\$ 110,452</u>

DRAFT

This Page Intentionally Left Blank.

Statistical
June 30, 2024

San Mateo County Transit District

DRAFT

Statistical

Financial Trends

- Net Position and Change in Net Position

Revenue Capacity

- Revenue Base and Revenue Rate
- Overlapping Revenue
- Principal Revenue Payers

Debt Capacity

- Ratio of Outstanding Bonds
- Bonded Debt
- Direct and Overlapping Debt and Limitations
- Pledged Revenue Coverage

Demographics and Economic Information

- Population, Income, and Unemployment Rates
- Principal Employers

Operating Information

- Ridership and Fares
- Farebox Recovery and Miles
- Employees (Full-time Equivalents)
- Capital Assets

Statistical Section

The Statistical Section of the District's Annual Comprehensive Financial Report presents detailed information as a context for understanding the information in the financial statement, notes disclosure, required supplementary information and other supplementary information for assessing the District's economic condition.

Financial Trends

These schedules contain trend information to assist readers in understanding and assessing how the District's financial position has changed over time.

Revenue Capacity

These schedules contain information to assist readers in understanding and assessing the factors affecting the District's ability to generate passenger fares.

Debt Capacity

These schedules assist readers in understanding and assessing the District's debt burden and its capacity to issue future debt.

Demographics and Economic Information

These schedules present socioeconomic indicators to assist readers in understanding the environment within which the District's financial activities take place.

Operating Information

These schedules contain contextual information about the District's operations and resources to assist readers in using financial statement information to understand and assess the District's economic condition.

San Mateo County Transit District
Net Position and Change in Net Position
Fiscal Years 2014 Through 2023 (in thousands)

Fiscal Year	2024	2023	2022 ⁽¹⁾	2021 ⁽²⁾	2020	2019	2018 ⁽³⁾	2017	2016	2015 ⁽⁴⁾
Operating Revenues - Passenger Fares	\$ 12,719	\$ 11,226	\$ 8,913	\$ 5,615	\$ 11,690	\$ 15,567	\$ 15,742	\$ 17,041	\$ 18,078	\$ 18,816
Operating Expenses										
Salaries and benefits	97,642	83,740	53,620	70,253	83,438	75,467	67,851	60,665	58,598	55,382
Contract operations and maintenance	52,198	41,632	36,678	38,177	39,625	40,507	35,694	34,621	33,326	33,399
Other services	13,715	11,234	11,484	10,932	10,750	9,770	9,312	8,856	8,388	6,092
Materials and supplies	12,100	11,418	9,259	7,737	7,448	7,604	7,300	6,588	6,626	8,158
Insurance	17,245	13,134	4,519	9,534	8,575	5,306	3,603	6,651	4,505	4,171
Miscellaneous	12,764	12,588	9,123	9,613	10,812	9,128	8,139	7,598	6,656	5,784
Total operating expenses	205,664	173,746	124,683	146,246	160,648	147,782	131,899	124,979	118,099	112,986
Operating loss before depreciation, amortization and administrative expenses capitalized	(192,945)	(162,520)	(115,770)	(140,631)	(148,958)	(132,215)	(116,157)	(107,938)	(100,021)	(94,170)
Depreciation and amortization	(17,514)	(18,394)	(18,719)	(20,491)	(25,842)	(21,492)	(23,078)	(22,252)	(21,550)	(16,860)
Operating Loss	(210,459)	(180,914)	(134,489)	(161,122)	(174,800)	(153,707)	(139,235)	(130,190)	(121,571)	(111,030)
Nonoperating Revenues (Expenses)										
Operating assistance	258,451	272,494	241,629	250,472	206,031	160,416	144,802	135,910	126,254	124,097
Investment income	26,587	11,671	(8,188)	288	7,442	10,036	3,859	3,536	5,580	1,782
Interest expense	(6,289)	(6,644)	(7,045)	(7,270)	(7,497)	(10,954)	(11,145)	(11,249)	(11,226)	(9,896)
Caltrain service subsidy	-	-	-	(8,877)	(9,239)	(7,634)	(6,170)	(6,480)	(6,080)	(6,260)
Expense for noncapitalized projects	(2,788)	(1,635)	(4,155) ⁽⁵⁾	-	-	-	-	-	-	-
Other income, net	20,934	6,321	7,739	13,118	13,970	10,180	10,860	11,492	9,777	10,119
Total nonoperating revenues, net	296,895	282,207	229,980	247,731	210,707	162,044	142,206	133,209	124,305	119,842
Net income (loss) before capital contributions	86,436	101,293	95,491	86,609	35,907	8,337	2,971	3,019	2,734	8,812
Capital contributions	24,016	4,076	3,124	6,094	49,509	8,789	10,970	25,424	12,778	33,361
Change In Net Position	110,452	105,369	98,615	92,703	85,416	17,126	13,941	28,443	15,512	42,173
Restatement	-	-	145	364	-	-	(23,400)	-	-	(153,202)
Net Position Components										
Net investment in capital assets	173,842	151,793	159,345	171,967	184,402	156,626	165,481	171,022	167,850	176,616
Restricted	26,602	26,601	26,599	26,600	26,599	26,575	26,804	26,811	26,804	26,087
Unrestricted	366,674	278,272	165,353	53,970	(51,531)	(109,147)	(135,357)	(131,446)	(156,710)	(180,271)
Net Position	\$ 567,118	\$ 456,666	\$ 351,297	\$ 252,537	\$ 159,470	\$ 74,054	\$ 56,928	\$ 66,387	\$ 37,944	\$ 22,432

⁽¹⁾ 2022 restatement due to implementation of GASB 96.

⁽²⁾ 2021 restatement due to implementation of GASB 87.

⁽³⁾ 2018 restatement due to implementation of GASB 75.

⁽⁴⁾ 2015 restatement due to implementation of GASB 68 and reversal of the BART contribution.

⁽⁵⁾ Expense for noncapitalized projects was not classified prior to 2022.

This table presents revenues and expenses, contributions, depreciation and amortization and net position components.

Source: Current and prior years' Annual Comprehensive Financial Reports.

San Mateo County Transit District
Revenue Base and Revenue Rate
Fiscal Years 2015 Through 2024

Fiscal Year Ending	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Passenger fares (in thousands)	\$ 12,719	\$ 11,226	\$ 8,913	\$ 5,615	\$ 11,690	\$ 15,567	\$ 15,742	\$ 17,041	\$ 18,078	\$ 18,816
Revenue Base										
Number of passengers (in thousands)	10,007	8,529	6,957	4,503	8,734	10,671	11,133	11,817	12,794	13,488
Fare structure										
Adults local fare	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.00
Senior citizen/disabled/ Medicare cardholder	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.00
Youth	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.25
Redi-Wheels (Paratransit)	\$ 4.25	\$ 4.25	\$ 4.25	\$ 4.25	\$ 4.25	\$ 4.25	\$ 4.25	\$ 3.75	\$ 3.75	\$ 3.75
Sales tax rate ^[2]	0.75%	0.75%	0.75%	0.75%	0.75%	0.50%	0.50%	0.50%	0.50%	0.50%
Sales tax revenue (in thousands)	\$ 173,258	\$ 176,626	\$ 169,030	\$ 140,411	\$ 135,835	\$ 100,729	\$ 87,797	\$ 84,353	\$ 79,705	\$ 80,975
Taxable sales in San Mateo County (in thousands) ^[1]	\$ 23,101,083	\$ 23,900,000	\$ 21,960,000	\$ 17,700,000	\$ 18,800,000	\$ 19,700,000	\$ 17,900,000	\$ 16,600,000	\$ 15,941,000	\$ 16,194,800

[1] 2024 taxable sales are estimates based on sales tax revenues received; 2022 taxable sales amount is the most current information available on the County of San Mateo Annual Comprehensive Financial Report.

This table presents passenger fares, number of passengers and revenue fare structure, the half-cent transaction and use tax received by the District and the total taxable sales in San Mateo County.

^[2] Includes 0.25% Tax Rate for Measure W, effective on 7/1/2019.

Source: California State Board of Equalization

County of San Mateo County FY2023 Annual Comprehensive Financial Report

San Mateo County Transit District
Overlapping Revenue
Fiscal Years 2015 Through 2024

Fiscal year	State	City and County	Other Special Districts	San Mateo County Transit District ^[1]	City of San Mateo Transactions and Use Tax	City of Half Moon Bay Transactions and Use Tax	San Mateo County Transactions and Use Tax	City of South San Francisco Transactions and Use Tax	City of Belmont Transactions and Use Tax	City of East Palo Alto Transactions and Use Tax	City of Burlingame Transactions and Use Tax	City of Redwood City Transactions and Use Tax	City of San Bruno Transactions and Use Tax	City of Daly City Local Recovery and Relief Transactions and Use Tax	2020 Peninsula Corridor Joint Powers Board Retail Transactions and Use Tax	City of Brisbane Transactions and Use Tax	City of Pacifica Transactions and Use Tax	Total
2024	6.00%	1.25%	0.50%	0.50%	0.25%	0.00%	1.00%	0.50%	0.50%	0.50%	0.25%	0.50%	0.50%	0.50%	0.125%	0.50%	0.50%	13.88%
2023	6.00%	1.25%	0.50%	0.50%	0.25%	0.00%	1.00%	0.50%	0.50%	0.50%	0.25%	0.50%	0.50%	0.50%	0.125%	0.50%	0.50%	13.88%
2022	6.00%	1.25%	0.50%	0.50%	0.25%	0.00%	1.00%	0.50%	0.50%	0.50%	0.25%	0.50%	0.50%	0.50%	0.13%	0.50%	0.50%	12.88%
2021	6.00%	1.25%	0.50%	0.50%	0.25%	0.00%	1.00%	0.50%	0.50%	0.50%	0.25%	0.50%	0.50%	0.50%	0.13%	0.50%	0.50%	12.75%
2020	6.00%	1.25%	0.50%	0.50%	0.25%	0.00%	1.00%	0.50%	0.50%	0.50%	0.25%	0.50%	0.50%	0.50%	0.13%	0.50%	0.50%	12.25%
2019	6.00%	1.25%	0.50%	0.50%	0.25%	0.00%	0.50%	0.50%	0.50%	0.50%	0.25%	0.50%	0.50%	0.50%	0.13%	0.50%	0.50%	11.25%
2018	6.00%	1.25%	0.50%	0.50%	0.25%	0.00%	0.50%	0.50%	0.50%	0.50%	0.25%	0.50%	0.50%	0.50%	0.13%	0.50%	0.50%	10.75%
2017	6.50%	1.25%	0.50%	0.50%	0.25%	0.00%	0.50%	0.50%	0.50%	0.50%	0.25%	0.50%	0.50%	0.50%	0.13%	0.50%	0.50%	11.00%
2016	6.50%	1.00%	0.50%	0.50%	0.25%	0.50%	0.50%	0.50%	0.50%	0.50%	0.25%	0.50%	0.50%	0.50%	0.13%	0.50%	0.50%	10.25%
2015	6.50%	1.00%	0.50%	0.50%	0.25%	0.50%	0.50%	0.50%	0.50%	0.50%	0.25%	0.50%	0.50%	0.50%	0.13%	0.50%	0.50%	9.75%

^[1] State legislation requires the District to obtain the approval of a majority of the voters in a public election to approve any sales tax measure.

^[2] State sales tax and local sales tax effective January 1, 2017.

^[3] South San Francisco Fiscal Stability & Essential Services Transactions and Use Tax (SSFR), tax effective April 1, 2016

^[4] City of Belmont Transactions and Use Tax (BMTG), tax rates effective on April 1, 2017

^[5] City of East Palo Alto Transactions and Use Tax (EPAG), tax rates effective on April 1, 2017

^[6] City of Burlingame Transactions and Use Tax (BUEG), tax rates effective on April 1, 2018

^[7] City of Redwood City Transactions and Use Tax (REDG), tax rates effective on April 1, 2019

^[8] Measure W, tax rates effective on July 1, 2019

^[9] City of San Bruno Transactions and Use Tax, tax rates effective on April 1, 2020

^[10] City of Daly City Local Recovery and Relief Transactions and Use Tax, tax rates effective on April 1, 2021

^[11] 2020 Peninsula Corridor Joint Powers Board Retail Transactions and Use Tax (JPBM), tax rates effective July 1, 2021

^[12] City of Brisbane Transactions and Use Tax, tax rates effective April 1, 2023

^[13] City of Pacifica Transactions and Use Tax, tax rates effective April 1, 2023

This table presents the tax rates for local authorities in San Mateo County. The District receives a half-cent county transaction and use tax.

Source: California State Board of Equalization

District Taxes, Rates, & Effective Dates

California City and County Sales & Use Tax rates

<https://www.cdtfa.ca.gov/taxes-and-fees/sales-use-tax-rates.htm>

<https://www.cdtfa.ca.gov/taxes-and-fees/sales-use-tax-rates-history.htm#excludes>

SOURCES:

<https://www.cdtfa.ca.gov/taxes-and-fees/sales-use-tax-rates.htm>

Go to District Taxes, Rates, and Effective Dates

<https://www.cdtfa.ca.gov/taxes-and-fees/sales-use-tax-rates-history.htm>

Shows state and local tax rates

San Mateo County Transit District

Principal Revenue Payers
Fiscal Years 2023 and 2014

Major Industry Group	FY2023			FY2014		
	Rank	Percent of Sales Receipts	Amount	Rank	Percent of Sales Receipts	Amount
County & State Pool	1	20.5%	\$ 44,900,227	3	13.4%	\$ 20,333,984
Autos And Transportation	2	16.8%	36,871,871	2	17.7%	26,815,535
General Consumer Goods	3	15.0%	32,866,065	1	21.0%	31,759,807
Business And Industry	4	14.2%	31,221,258	5	11.1%	16,781,988
Restaurants And Hotels	5	13.2%	28,992,634	4	12.7%	19,184,919
Building And Construction	6	8.2%	17,907,051	7	8.3%	12,610,640
Fuel And Service Stations	7	7.6%	16,663,440	6	10.8%	16,336,595
Food And Drugs	8	4.4%	9,709,311	8	5.1%	7,709,740
Transfers & Unidentified	9	0.1%	271,257	9	0.04%	62,481
Total			<u>\$ 219,403,114</u>			<u>\$ 151,595,689</u>

Source: County-wide sales tax receipts provided for the County of San Mateo by Major Industry Group by Hinderliter, de Llamas and associates (HDL).

San Mateo County Transit District

Ratio of Outstanding Bonds
Fiscal Years 2015 Through 2024

Fiscal Year	Debt for SamTrans (in thousands) ^[1]	Personal Income for San Mateo County (in millions) ^[2]	As a Percent of Personal Income
2024	\$ 158,935	\$ 129,401 *	0.12%
2023	173,215	125,632 *	0.15%
2022	184,872	121,973 *	0.16%
2021	198,036	118,420	0.18%
2020	210,996	108,470	0.19%
2019	224,052	100,799	0.21%
2018	239,243	96,226	0.23%
2017	254,291	89,149	0.26%
2016	269,235	81,488	0.30%
2015	284,128	78,525	0.35%

^[1] Current and prior years' Annual Comprehensive Financial Reports.

^[2] Data include retroactive revisions by the U.S. Department of Commerce Bureau of Economic Analysis.

*Personal Income and Per Capital Personal Income data for 2022, 2023, and 2024 is based on an estimated three percent annual increase over 2021.

Source: County of San Mateo FY2022 Annual Comprehensive Financial Report.

This table presents the relationship between the revenue bonds and the total personal income of the residents.

San Mateo County Transit District

Bonded Debt

Fiscal Years 2015 Through 2024

Fiscal Year	Debt for SamTrans (in thousands)	Total Taxable Sales in San Mateo County	As a Percent of Total Taxable Sales in San Mateo County
2024	\$ 158,935	\$ 23,101,083 ^[1]	0.69%
2023	173,215	23,550,183	0.73%
2022	184,872	21,960,000	0.82%
2021	198,036	17,700,000	1.12%
2020	210,996	18,800,000	1.12%
2019	224,052	19,700,000	1.14%
2018	239,243	17,900,000	1.34%
2017	254,291	16,600,000	1.53%
2016	269,235	15,941,000	1.69%
2015	284,128	16,194,800	1.75%

^[1] Taxable sales are estimates based on sales tax revenues received.

This table presents the capacity of the District to issue revenue bonds based on total taxable sales in San Mateo County.

Source: Annual Comprehensive Financial Reports and California Department of Tax and Fee Administration.

San Mateo County Transit District
Direct and Overlapping Debt and Limitations
June 30, 2024

The District does not have direct and overlapping debt with other governmental agencies. Additionally, the District does not have a legal debt limit.

DRAFT

San Mateo County Transit District
Pledge Revenue Coverage
Fiscal Years 2015 Through 2024 (in thousands)

Fiscal Year	Sales Tax Revenue	Principal *	Interest *	Total	Coverage
2024	\$ 173,258	\$ 11,825	\$ 7,318	\$ 19,143	9.05
2023	176,626	11,290	7,855	19,145	9.23
2022	169,030	10,780	8,370	19,150	8.83
2021	140,411	10,320	8,829	19,149	7.33
2020	135,835	10,060	9,298	19,358	7.02
2019	100,729	11,930	9,661	21,591	4.67
2018	87,797	11,765	9,880	21,645	4.06
2017	84,353	11,660	9,988	21,648	3.90
2016	79,705	11,610	10,035	21,645	3.68
2015	80,975	-	9,145	9,145	8.85

This table presents the relationship between total sales tax revenue, debt service payments and the capacity of the District to meet its debt obligations.

* The District's outstanding bonds were restructured in 2015 and those amounts are intended to reflect the full annual economic impact, including measurements of restructuring, on the District's financial position. Other years are cash basis measures of the District's debt service. The Long Term Debt note in the Notes To Basic Financial Statements in the Financial Section of this Annual Comprehensive Financial Report provides further details.

Source: Current and prior years' Annual Comprehensive Financial Reports.

San Mateo County Transit District
Population, Income and Unemployment Rates
Fiscal Years 2015 Through 2024

<u>Year</u>	<u>Population</u> ^[1]	<u>Total Personal Income (in millions)</u> ^[2]	<u>Per Capita Personal Income</u> ^[2]	<u>Average Unemployment Rates</u> ^[3]
2024	734,481 *	\$ 129,401 *	\$ 175,366 *	3.5%
2023	737,644	125,632 *	170,259 *	3.1%
2022	740,821	121,973 *	165,300 *	2.1%
2021	751,596	118,420	160,485	5.0%
2020	771,061	108,470	142,264	10.8%
2019	774,231	100,799	131,180	2.2%
2018	772,372	96,226	124,705	2.5%
2017	770,256	89,149	115,556	2.9%
2016	765,895	81,488	106,115	3.3%
2015	759,155	78,525	102,639	3.3%

[1] Data include retroactive revisions by the State of California Department of Finance, Demographic Research Unit.

[2] Data include retroactive revisions by the U.S. Department of Commerce Bureau of Economic Analysis.

[3] Data include retroactive revisions by the State of California Employment Development Department. Unemployment rates are non-seasonally adjusted for June.

*2024 Population estimate is base on 0.42% decline from 2022 to 2023

*Personal Income and Per Capital Personal Income data for 2022, 2023, and 2024 is based on an estimated three percent annual increase over 2021. Source data for table is FY23 San Mateo County Annual Comprehensive Financial Report.

This table highlights San Mateo County's total population, total personal and per capita income, and percentage of unemployed residents.

Source: County of San Mateo FY2023 Annual Comprehensive Financial Report.

San Mateo County Transit District
Principal Employers
Fiscal Years 2022 and 2014

Employers in San Mateo County	Business Type	2022*			2014		
		Number of Employees	Rank	Percent of Total County Employment	Number of Employees	Rank	Percent of Total County Employment
Meta (Facebook Inc.)	Social Network	21,000	1	4.75%	3,957	5	0.96%
Oracle Corp.	Hardware and Software	12,140	2	2.75%	6,750	3	1.63%
Genentech Inc.	Biotechnology	10,000	3	2.26%	9,800	2	2.37%
United Airlines	Airline	8,700	4	1.97%	10,000	1	2.42%
County of San Mateo	Government	5,794	5	1.31%	5,472	4	1.32%
Gilead Sciences Inc.	Biotechnology	4,500	6	1.02%	3,115	8	0.75%
Visa USA/Visa International	Global Payments Technology	4,092	7	0.93%	3,500	7	0
Alaska Airlines	Airline	4,000	8	0.91%			
YouTube	Online Video-Streaming Platform	2,400	9	0.54%			
Electronic Arts Inc.	Video Game Developer and Publisher	1,770	10	0.40%			
Kaiser Permanente	Healthcare				3,900	6	0.94%
Mills-Peninsula Health Services	Healthcare				2,500	9	0.61%
San Mateo Community College	College				2,285	10	0.56%
Total		74,396		16.84%	51,279		12.41%

* The latest information available for principal employers in the County.

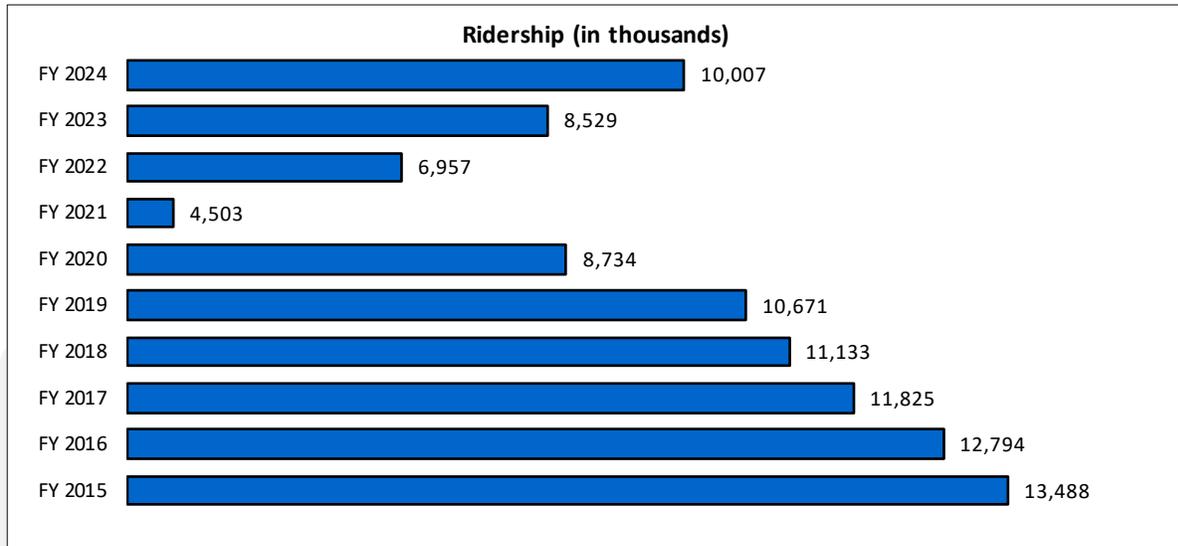
This table presents the top 10 principal employers in San Mateo County for 2022 and 2014.

Source: San Francisco Business Times - 2023 Book of Lists; California Employment Development Department (provided by San Mateo County Controller's office) from the FY2023 County of San Mateo ACFR

San Mateo County Transit District

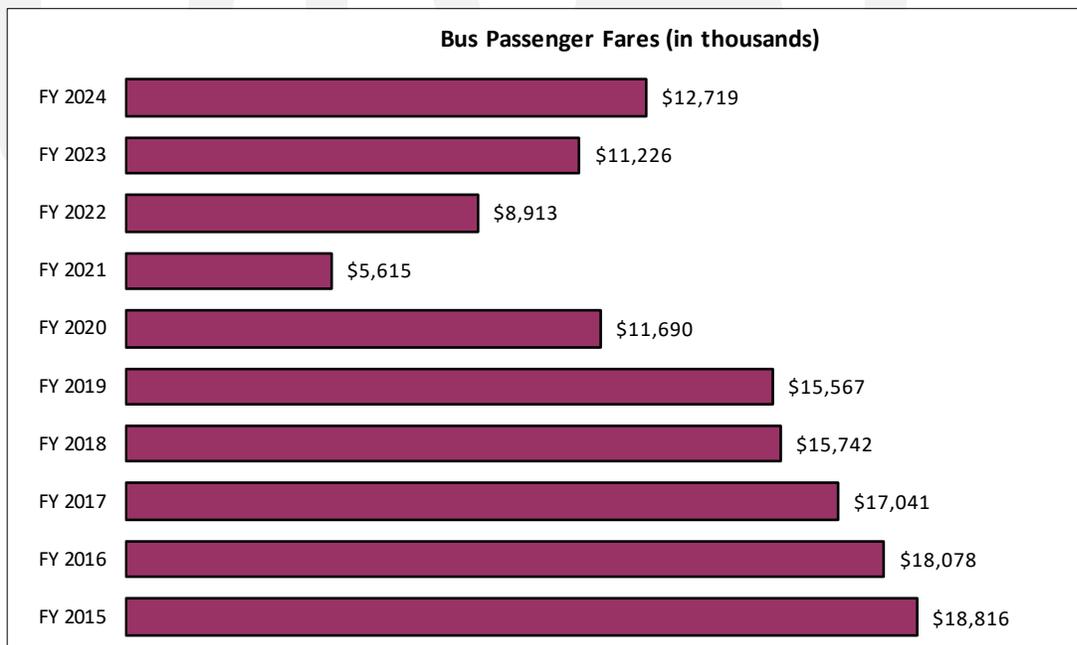
Ridership and Fares
Fiscal Years 2015 Through 2024

Fixed-Route Ridership



Ridership data presents total ridership for motor bus service and shuttle service.

Fixed-Route Passenger Fares



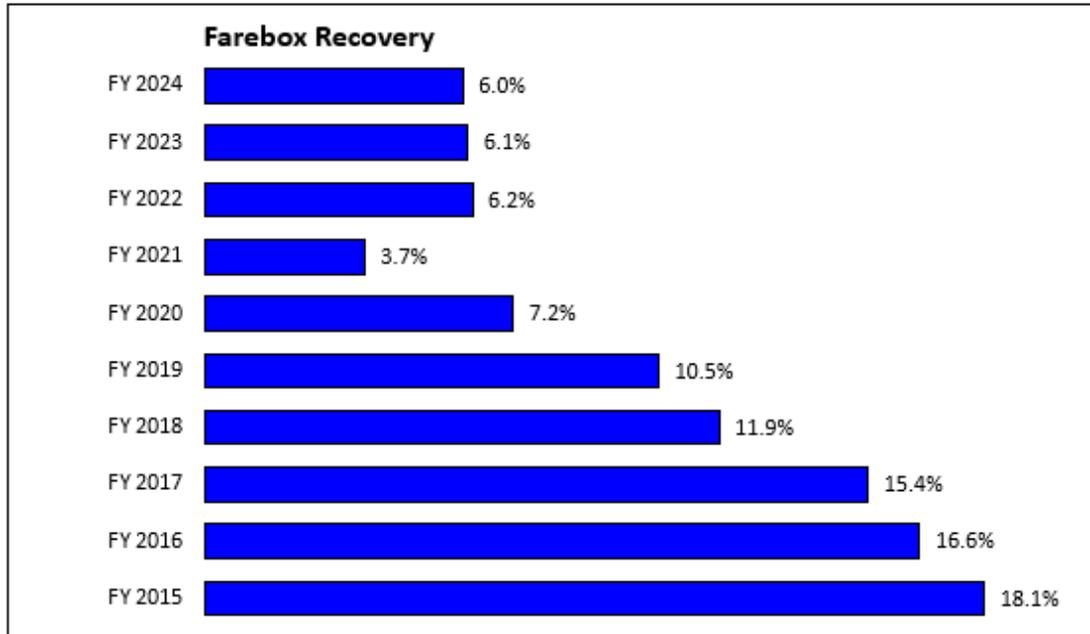
Bus passenger fares data presents the total bus fare revenue for each year.

Source: National Transportation Database.

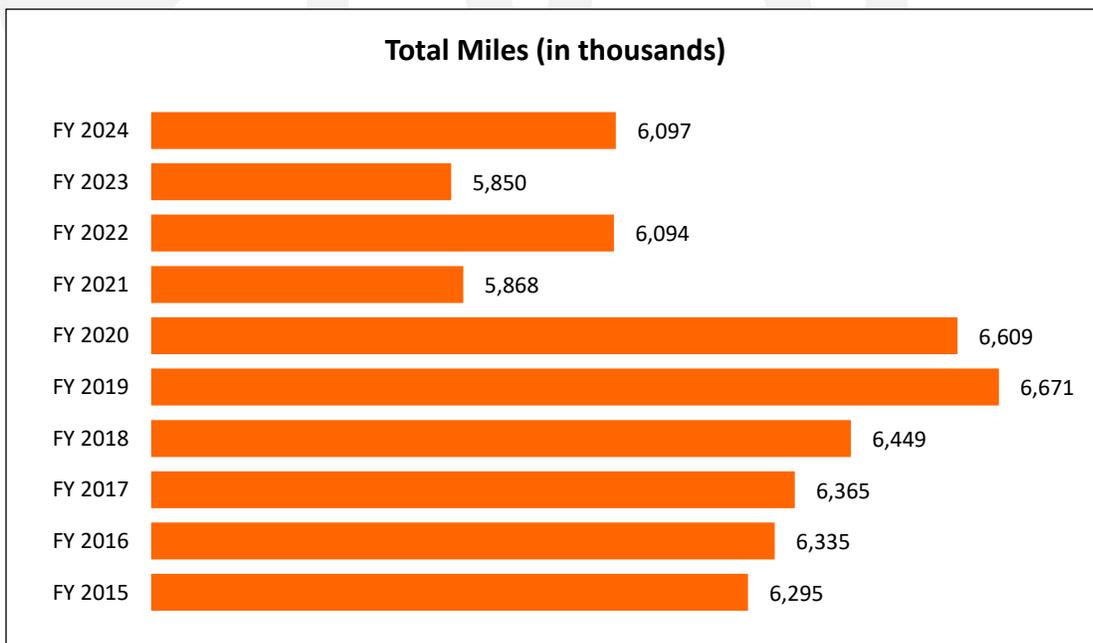
San Mateo County Transit District

Farebox Recovery and Miles
Fiscal Years 2015 Through 2024

Fixed-Route Farebox Recovery



Farebox recovery data presents the percentage of fixed-route fare revenue collected compared to fixed-route operating expenses.
Fixed-Route Revenue Miles*



The revenue miles data presents the total fixed-route miles traveled.

*Fixed-route data includes La Honda and shuttle service, which makes up less than 5% of the total data.

Source: National Transportation Database.

San Mateo County Transit District
Employees (Full-Time Equivalents)
Fiscal Years 2015 Through 2024

Division	Full-Time Equivalents									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Bus Operations	550.05	-	-	-	-	-	-	-	-	-
Communications	28.90	-	-	-	-	-	-	-	-	-
Finance	60.73	-	-	-	-	-	-	-	-	-
Innovation and Technology	42.00	-	-	-	-	-	-	-	-	-
People and Culture	32.88	-	-	-	-	-	-	-	-	-
Planning	20.09	-	-	-	-	-	-	-	-	-
Rail	0.14	-	-	-	-	-	-	-	-	-
Safety & Security	6.75	-	-	-	-	-	-	-	-	-
Caltrain Modernization Program	-	-	-	0.40	-	-	-	0.10	0.05	0.05
Customer Service and Marketing	-	26.4	29.38	28.49	29.15	34.36	31.39	28.46	23.95	25.34
Executive	4.95	3.95	3.75	3.50	3.5	3.59	3.99	5.12	3.60	3.67
Finance and Administration	-	118.2	106.83	96.23	95.64	83.07	82.39	79.02	64.12	68.50
Operations, Engineering, and Construction	-	533.57	493.11	541.70	506.65	472.90	465.40	471.88	453.82	454.27
Planning and Development	-	17.15	16.15	7.26	6.86	6.46	8.71	7.66	5.63	8.20
Public Affairs	-	-	-	-	-	-	-	-	5.15	5.00
Total	746.49	699.27	649.22	677.58	641.80	600.38	591.88	592.24	556.32	565.03

Note: The organization went through a reorganization in FY2024

Note: The organization went through a reorganization in FY2010; Caltrain Modernization Program division was added in FY2013 as a replacement for the Peninsula Rail department.

Note: Employee counts are for Full-time Equivalents (FTEs) for the District.

This table presents total Full-time Equivalents by division.

Source: Operating and capital budgets.

San Mateo County Transit District
Capital Assets
Fiscal Years 2015 Through 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Depreciable capital assets										
Buses and bus equipment	\$ 216,482	\$ 200,080	\$ 200,000	\$ 222,823	\$ 220,442	\$ 176,969	\$ 164,038	\$ 157,353	\$ 153,955	\$ 167,272
Buildings and building improvements	77,434	76,803	75,517	75,127	72,961	73,303	70,212	69,031	64,868	64,838
Maintenance and other equipment	35,330	35,133	32,907	30,333	29,685	27,546	34,982	33,642	32,063	6,523
Furniture and fixtures	30,720	30,692	29,981	30,023	29,989	33,295	35,240	33,861	31,734	19,656
Shelters and bus stop signs	11,878	11,878	11,878	10,393	10,393	10,372	592	592	592	592
Right-to-use subscription assets	3,543	3,335	2,332	2,332	-	-	-	-	-	-
Right-to-use leased equipment	-	-	102	18	-	-	-	-	-	-
Other vehicles	3,034	2,524	2,483	3,000	2,518	2,467	2,496	2,273	2,159	2,159
Total depreciable capital assets	378,421	360,445	355,200	374,049	365,988	323,952	307,560	296,752	285,371	261,040
Accumulated Depreciation for										
Buses and bus equipment	(151,729)	(138,787)	(127,678)	(135,452)	(119,797)	(112,603)	(91,889)	(102,607)	(93,847)	(97,574)
Buildings and building improvements	(67,756)	(66,346)	(64,659)	(63,456)	(62,236)	(61,284)	(58,874)	(56,630)	(53,812)	(51,601)
Maintenance and other equipment	(31,341)	(30,397)	(29,438)	(28,409)	(27,487)	(22,406)	(16,810)	(16,770)	(10,599)	(4,715)
Furniture and fixtures	(30,159)	(30,055)	(29,944)	(29,993)	(29,946)	(27,008)	(35,036)	(24,619)	(20,782)	(17,241)
Shelters and bus stop signs	(7,081)	(6,026)	(4,938)	(3,783)	(2,845)	(1,299)	(590)	(585)	(580)	(575)
Right-to-use subscription assets	(2,219)	(1,374)	(545)	-	-	-	-	-	-	-
Right-to-use leased equipment	-	-	(23)	(7)	-	-	-	-	-	-
Other vehicles	(2,132)	(1,918)	(1,694)	(1,970)	(1,817)	(1,768)	(1,923)	(1,798)	(1,990)	(1,876)
Total accumulated depreciation and amortization	(292,417)	(274,903)	(258,919)	(263,070)	(244,128)	(226,368)	(205,122)	(203,009)	(181,610)	(173,582)
Nondepreciable Capital Assets										
Land	56,915	56,915	56,915	56,915	56,915	53,855	53,855	53,855	53,855	53,855
Construction in progress	32,146	11,105	7,870	6,416	5,627	5,187	9,188	23,424	10,234	35,303
Total nondepreciable capital assets	89,061	68,020	64,785	63,331	62,542	59,042	63,043	77,279	64,089	89,158
Capital Assets, Net	\$ 175,065	\$ 153,562	\$ 161,066	\$ 174,310	\$ 184,402	\$ 156,626	\$ 165,481	\$ 171,022	\$ 167,850	\$ 176,616

This table presents total nondepreciable capital assets, total depreciable capital assets and total accumulated depreciation.

Source: Current and prior years' Annual Comprehensive Financial Reports

2024 Art Takes A Bus Ride Winners

Item #5,
11/15/2024





CPAs & BUSINESS ADVISORS

SAN MATEO COUNTY TRANSIT DISTRICT

Communication With Those Charged With Governance

AUDIT SCOPE

- Audit of the San Mateo County Transit District (District) Annual Financial Report as of June 30, 2024, in accordance with Auditing Standards Generally Accepted in the USA
- Report on internal control over financial reporting and on compliance in accordance with *Government Auditing Standards* including Transportation Development Act
- Report on Federal Compliance in Accordance with the Uniform Guidance
- Measure W

OUR RESPONSIBILITY IN ACCORDANCE WITH PROFESSIONAL STANDARDS

Item #5.
11/15/2024

- Form and express an opinion about whether the financial statements which are the responsibility of management, with your oversight, are presented fairly, in all material respects, in accordance with U.S. GAAP.
- Our responsibility is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.
- We considered internal control over financial reporting. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

SUMMARY OF AUDIT RESULTS

Financial Statements

- Unmodified opinion on the financial statements

Government Auditing Standards

- No significant deficiencies
- No instances of noncompliance reported

SUMMARY OF AUDIT RESULTS

Uniform Guidance

- Unmodified opinion compliance with the Uniform Guidance
- No significant deficiencies

Other reports

- Measure W

AUDITOR COMMUNICATIONS

Ethics and Independence

- We have complied with all relevant ethical requirements regarding independence.

Significant Estimates

- Self-Insurance, Net Pension Liability and Net OPEB Liabilities

AUDITOR COMMUNICATIONS

Sensitive Disclosures

- Net Pension Liability, Net Other Postemployment Benefits Liability, and Self-Insurance (Note 9, Note 10, and Note 11)

Misstatements

- No items reported

Consultations with Other Accountants

- Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

AUDITOR COMMUNICATIONS

Significant Difficulties

Disagreements with Management

- No disagreements arose during the course of the audit

THANK YOU

Ahmad Gharaibeh
Partner

agharai beh@eidebailly.co
m

650.223.6103



CPAs & BUSINESS ADVISORS

This presentation is presented with the understanding that the information contained does not constitute legal, accounting or other professional advice. It is not intended to be responsive to any individual situation or concerns, as the contents of this presentation are intended for general information purposes only. Viewers are urged not to act upon the information contained in this presentation without first consulting competent legal, accounting or other professional advice regarding implications of a particular factual situation. Questions and additional information can be submitted to your Eide Bailly representative, or to the presenter of this session.