A G E N D A

AUDIT COMMITTEE MEETING

Due to COVID-19, this meeting will be conducted via teleconference only (no physical location) pursuant to the Governor's Executive Orders N-25-20 and N-29-20.

Directors, staff and the public may participate remotely via Zoom at **https://samtrans.zoom.us/j/91477324903?pwd=bi9TaStOTkhKM0hPajU2cnBoTjNRZz09** or by entering Webinar ID: **914 7732 4903**, Passcode: **578420** 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. The video live stream will be available after the meeting at http://www.samtrans.com/about/boardofdirectors/video.html.

Public Comments: Members of the public are encouraged to participate remotely. 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: http://www.samtrans.com/about/boardofdirectors/Board_of_Directors_Calendar.html

Oral 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 per person PER AGENDA ITEM. 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 for two minutes or less. The Committee Chair has 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.

MONDAY, NOVEMBER 16, 2020 **2:00 PM**

1. **CALL TO ORDER**

2. **ROLL CALL**

Committee Members: Rose Guilbault, Dave Pine

NOTE:

- This Committee meeting may be attended by Board Members who do not sit on this Committee. In the event that a quorum of the entire Board is present, this Committee shall act as a Committee of the Whole. In either case, any item acted upon by the Committee or the Committee of the Whole will require consideration and action by the full Board of Directors as a prerequisite to its legal enactment.
- All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board.

3. PUBLIC COMMENT

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

4. APPROVAL OF MINUTES OF THE AUDIT COMMITTEE MEETING OF DECEMBER 9, 2019

5. COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2020

6. STATUS OF FINDINGS NOTED IN THE FISCAL YEAR 2019 AUDIT

7. STATUS OF ACCOUNTS RECEIVABLE AND GRANTS BILLING

8. ADJOURN

INFORMATION FOR THE PUBLIC

If you have questions on the agenda, please contact the District Secretary at 650-508-6242. Agendas are available on the SamTrans website at. 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
Due to COVID-19, the meeting will only be via teleconference as per the information provided at the top of the agenda. The Public may not attend this meeting in person.

*Should Zoom not be operational, please check online at http://www.samtrans.com/about/boardofdirectors/Board_of_Directors_Calendar.html for any updates or further instruction.

Public Comment
Members of the public are encouraged to participate remotely. 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: http://www.samtrans.com/about/boardofdirectors/Board_of_Directors_Calendar.html. Oral 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 per person PER AGENDA ITEM and each commenter will be automatically notified when they are unmuted to speak for two minutes 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.

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 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 94070-1306; 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.

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AUDIT ITEM #4
NOVEMBER 16, 2020

SAN MATEO COUNTY TRANSIT DISTRICT (DISTRICT)
1250 SAN CARLOS AVENUE, SAN CARLOS, CALIFORNIA

MINUTES OF AUDIT COMMITTEE MEETING
DECEMBER 9, 2019

Committee Members Present: R. Guilbault, D. Pine

Committee Members Absent: None

Other Board Members Present: C. Groom (Chair)

Staff Present: J. Hartnett, J. Cassman, D. Hansel, J. Ye, A. Soe, G. Martinez, D. Olmeda, J. Brook

Others Present: A. Gharaibeh, Eide Bailly LLP

CALL TO ORDER

Chair Carole Groom called the meeting to order at 2:07 pm.

ROLL CALL

Assistant District Secretary Jean Brook called the roll. A quorum was present.

PUBLIC COMMENT

None.

APPROVAL OF MINUTES OF THE AUDIT COMMITTEE MEETING OF DECEMBER 3, 2018

Motion/Second: Groom/Pine
Ayes: Gee, Groom, Pine
Absent: None

SCOPE OF THE FISCAL YEAR 2019 AUDIT

Derek Hansel, Chief Financial Officer, gave a brief background on the audit.

Grace Martinez, Director of Accounting, said they have been working to ensure that they issue the CAFR (Comprehensive Annual Financial Report) in a timely manner. She said the purpose of the meeting was for the Board to interact directly with the auditors on the auditing process.

Ahmad Gharaibeh, Partner, Eide Bailly LLP, said that the financial statements in the 2019 CAFR were fairly stated. He noted that closing and reconciliation are becoming quicker since the process was taken over in 2017 by the California Department of Tax and Fee Administration from the Board of Equalization.

Committee Member Rose Guilbault asked what is meant by the term “clean opinion.” Mr. Gharaibeh noted that there are three types of audit opinions – clean or unmodified, qualified, and adverse, and that “clean” indicates that the record was fairly stated.

Committee Member Guilbault asked for a definition of "GAAP." Ms. Martinez said it stands for generally accepted accounting principles, which are the guidelines used to prepare the CAFR. She noted that this method of accounting does not capture future revenues and can hide financial trends. Mr. Hansel added that GAAP accounting can lead to misleading conclusions, such as showing a liability with no corresponding asset.

Committee Member Guilbault asked Ms. Martinez how GAAP accounting can hide trends. Ms. Martinez said that GAAP gives a snapshot of a specific point in time and, as an example, it does not take into account future sales tax revenues.

Committee Member Guilbault asked for a definition of "limiting financial impairment." Ms. Martinez said it refers to the District's focus on finding cost-effective measures in delivering short-term services, such as keeping assets cost efficient with respect to their usage. Mr. Hansel said the District also looks at long-term financial assets and makes decisions about whether to pay down liabilities such as pension and OPEB (other post-employment benefits).

Committee Member Pine said that SamTrans should investigate this issue further now that it has access to Measure W funding. Mr. Hansel added that while more funds are available, sensitivity to the volatility of sales tax revenue is currently very high.

Jim Hartnett, General Manager/CEO, noted that SamTrans is working on a reserve policy and investing in pension and OPEB to address its unfunded liabilities.

Committee Member Pine asked about the source of the fare stabilization fund. Mr. Hansel said the reference was actually to a revenue stabilization fund and said that SamTrans was creating a reserve separate from the general operating reserve.

Committee Member Guilbault asked Mr. Gharaibeh about the District's expectations of the Board. Mr. Gharaibeh responded that his firm will advise the Board if there are any findings, adjustments, or exceptions.

Mr. Hartnett said that in the past when the CAFR did not have a clean opinion, that SamTrans worked very closely with the auditor. He noted that the recent addition of Measure W funding has put SamTrans on a more sustainable path.

Ms. Martinez said that the District is committed to releasing an accurate CAFR each year. She said that the Finance Department will later meet with the auditor to avoid making any mistakes. Mr. Hansel said they are now focused on tightening up the process.

STATUS OF THE FINDINGS NOTED IN THE FISCAL YEAR 2018 AUDIT

Mr. Gharaibeh said that in Fiscal Year 2018, the three agencies shared cash through intercompany receivables and payables. He noted the speed of billing for construction-related projects improved significantly over Fiscal Year 2017. Mr. Hansel said that the unbilled receivables for Caltrain peaked in October 2017.

Committee Member Pine asked about Measures A and W and how the District was doing regarding the issue of tax revenue generated by the airport. Joan Cassman, Legal Counsel, said that SamTrans is relying on the State of California, which has put forth a plan to the FAA (Federal Aviation Administration) and the US Department of Transportation. She noted that these federal agencies are not in agreement with the

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state, which is working on new, more clearly defined legislation that would be more in line with the original intention of the regulation. Mr. Hartnett said that SamTrans needs to justify how expenditure of funds attributable to airport operations benefits the airport. Mr. Hansel said that they would have to do a forensic accounting exercise to determine that. Ms. Cassman remarked that the Board of Equalization does not account for the airport tax revenues very clearly.

STATUS OF ACCOUNTS RECEIVABLE AND GRANTS BILLING

Mr. Hansel said that there were significant accounts receivable from the Joint Powers Board. He noted that at the end of June 2017, Caltrain owed SamTrans approximately $42 million for more than a year of regular services.

He asked if the Audit Committee wanted to meet annually or more often, e.g., both prior to and after the audit. Chair Groom said that meeting more often than once a year may not be necessary although it had been helpful to do in the past.

Mr. Hartnett said that the Board is free to contact the auditors directly with any questions.

ADJOURN

The meeting adjourned at 2:46 pm.

AUDIT ITEM #5
NOVEMBER 16, 2020

SAN MATEO COUNTY TRANSIT DISTRICT
STAFF REPORT

TO: Audit Committee

THROUGH: Jim Hartnett
General Manager/CEO

FROM: Derek Hansel
Chief Financial Officer

SUBJECT: **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2020**

ACTION

Staff proposes the committee recommend the Board accept the San Mateo County Transit District's (District) Fiscal Year (FY) 2020 Comprehensive Annual Financial Report (CAFR).

The Fiscal Year 2020 CAFR is attached and also available online at:

http://www.samtrans.com/about/Finance/Comprehensive_Annual_Financial_Reports.html

SIGNIFICANCE

The CAFR 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.

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

BUDGET IMPACT

There is no impact on the Budget.

BACKGROUND

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 the Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States. The Introductory section and the Statistical section presented in the CAFR 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 a CAFR, which the District chooses to do in order to provide detailed information about the financial condition of the District in a format that is understandable to our customers and constituents.

The CAFR 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.

Prepared by:	Jennifer Ye, Manager, Financial Reporting & General Ledger	650-622-7890

San Mateo County Transit District
San Carlos, California

Comprehensive Annual Financial Report

Fiscal Years Ended June 30, 2020 and 2019

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San Mateo County

TRANSIT DISTRICT

San Carlos, California

Comprehensive Annual Financial Report

Fiscal Years Ended June 30, 2020 and 2019

Prepared by the Finance Division

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Section I

INTRODUCTORY

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LETTER OF TRANSMITTAL

October 26, 2020

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

Comprehensive Annual Financial Report Year Ended June 30, 2020

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the San Mateo County Transit District (District) for the Fiscal Year July 1, 2019 through June 30, 2020. 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.

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 a peninsula south of the City and County of San Francisco, bordered on the west by the Pacific Ocean, on the east by 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 a paratransit service and funds shuttles, connecting rail stations to employment centers. The District also is a partner in a three-agency joint powers authority that owns and operates Caltrain, a highly successful commuter rail service between San Francisco and Silicon Valley. In addition, this system works cohesively with other transportation services in the San Francisco Bay Area. 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 mid-1977, the District added mainline service between Palo Alto and downtown San Francisco through a contract with Greyhound Lines, Inc. and also 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 JPB purchased the Southern Pacific right of way from San Francisco to San Jose and selected the District as the Managing Agency for 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 to Transit America Services Incorporated (TASI).

Governance

A nine-member Board of Directors governs the District. The publicly-elected County Board of Supervisors appoints two of its own members and an individual with transportation expertise to the District Board. The mayors of the cities throughout the county appoint three elected city officials, 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

The Executive Office is responsible for directing and overseeing all activities and for providing support to the Board of Directors.

The Finance Division is responsible for financial accounting and reporting, capital budgeting, operational budgeting, payroll and vendor disbursements, investments and cash management, debt management, revenue control, purchasing, contract administration, risk management and information technology.

The Bus Division is responsible for SamTrans fixed route bus service, shuttles programs, paratransit services, ADA services pursuant to the requirements of the Americans with Disabilities Act (ADA), quality assurance, facilities maintenance, TVM maintenance and intelligent transportation systems.

The Rail Division is responsible for Caltrain rail service, operations planning, rail capital project engineering and construction.

The Communications Division is responsible for fare media, customer service, marketing, sales, advertising, distribution services, public information, media relations, legislative activities and community outreach.

The Caltrain Modernization Program (CalMod) is responsible for guiding the planning and implementation of electrification and related projects that will upgrade the performance, operating efficiency, capacity, safety and reliability of Caltrain’s commuter rail service.

The Planning, Grants and Transportation Authority Division is responsible for oversight of voter-approved Transportation Expenditure Plans, service scheduling, strategic planning and performance, grant administration and property management.

The Administrative Division provides management assistance to executive divisions and is responsible for human resources and safety and security.

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 on behalf of other agencies: the Peninsula Corridor Joint Powers Board (JPB), which operates Caltrain, 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 2033, and the San Mateo County Express Lanes Joint Powers Authority (JPA). These agencies have their own separate corporate identity and governance, and they are not component units of the District. Therefore, this CAFR and the financial statements contained within represent solely the activities, transactions and status of the District.

Budget

State law requires the District to adopt an annual budget by resolution of the Board of Directors. In the spring preceding the start of each Fiscal Year on July 1, staff presents an annual budget based on established agency goals, objectives and performance measures to the Board of Directors. The presentation may recommend using financial reserves to balance the budget when proposed expenditures exceed projected revenues. The Board of Directors monitors budget-to-actual performance through monthly staff reports.

The Financial Section of this report includes 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 and principles for both budgeted and actual revenues and expenses, except that actual proceeds from the sale of capital assets, unrealized investment gains and losses, and inter fund transfers are not included in the budget.

FINANCIAL AND ECONOMIC OUTLOOK

Local Economy

The Bay Area was California's fastest growing labor market but was hit hard by the unprecedented coronavirus (COVID-19) pandemic. The regional unemployment rate was 2.7% in February. To stem the spread of COVID-19, a shelter-in-place order was implemented in March resulting in the shutdown of many non-essential activities and businesses. This resulted in an unemployment rate that spiked to 13.1% in April. The current economic situation is highly unique in that lost or delayed consumption and business activity are not the result of imbalances in the economy, but rather are self-imposed. Therefore, the length of time before the health-mandates are fully lifted, coupled with consumers' restored confidence to gather in large crowds and the economic damage experienced throughout the mitigation phase will be the primary factors determining when and to what degree the region will recover. Employment began showing signs of recovery in July and the unemployment rate decreased to 10.6%, but future forecasts are highly uncertain as many pandemic impacts are still unknown. California and the Bay Area lagged behind the nation in terms of job recovery and that is most likely due to a more cautious re-opening pace. There is also concern, as crisis continues, whether many of the temporary layoffs become permanent job losses.

The San Mateo County economy mirrors the greater Bay Area in terms of growth and unemployment, but could not escape the impact of COVID-19. Unemployment in San Mateo County was 2.8% in March and ranked #1 in lowest unemployment in the state. In April that rate jumped to 11.4%. With restrictions lifted, the unemployment rate improved to 10.8% in June, however the County's unemployment ranking dropped to #7 in the state. While the recovery is slow, the region is well positioned due to the relatively large number of high paying tech jobs.

Despite a recent construction boom and building activity, housing production has not kept pace with population growth. High home prices are reducing migration to San Mateo County. Population growth has decelerated to below the statewide average. Because home prices are expected to rise faster than average incomes, worsening the housing affordability problem, net migration will be negative for the foreseeable future.

The San Mateo County technology sector continues to expand rapidly. In 2018, venture capital funding to local tech firms surpassed $10 billion, helping to fuel job growth. The county now has 11,900 workers at software firms, 18,800 workers at internet publishing and search companies and 3,600 workers in data services and hosting companies. Income per capita in 2018 was $121,400, placing San Mateo County among the wealthiest regions of California. Real income per capita has risen at a rapid rate in the county, growing by an average of 2.5 percent per year over the last 6 years. Real income per capita was expected to grow by 2.3 percent per year through 2024 prior to the pandemic-induced recession.

Long-term Financial and Strategic Planning

The District began operations in 1976 as a fixed-route bus service. Today, the District has grown into a multimodal system of coordinated transit services, including bus, paratransit, shuttles and rail, each playing an integral role in meeting the transportation needs of San Mateo County.

The District has been working to strengthen its long-term financial standing. Improvement measures have included a restructuring of $211 million in debt and dissolution of the BART to SFO agreement. The District initiated several efforts in the early part of the current decade to help keep annual expenses in line with annual revenues. 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; this should materially improve the District's financial condition for years to come.

The District recently updated its ten-year Strategic Plan, which can be viewed online at http://www.samtrans.com/Planning/Planning_and_Research/SamTrans_Short-Range_Transit_Plan.html. The 2019-2028 Plan Update provides a policy framework to help guide the District's transportation investments. The Plan also builds on prior strategic plans by prioritizing actions that can "move the needle" by turning ideas into results. To do so, the Plan helps identify key factors that the District can control and describes strategies for focusing resources to achieve specific goals. The District is also in the midst of a Comprehensive Operational Analysis, "Reimagine Samtrans", which will guide operational decisions over the next several years.

Major Initiatives

The District plans to continue providing coordinated transit services including bus, paratransit, shuttle and rail. 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.

In addition to providing public transit for municipalities, the District has committed significant resources to supporting other regional transportation options. These include Caltrain rail and shuttle bus service to and from Caltrain and BART stations. Dedicated bus shuttles distributing rail patrons to regional employers will be vital to sustainable transportation 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 a variety of paratransit services.

SamTrans has started to invest in zero-emission bus technology to advance California's climate change and energy policy goals. In 2019, SamTrans' first electric buses were put into revenue service. SamTrans is preparing a Zero Emissions Bus Implementation Plan (ICT Rollout Plan), per the mandate from the California Air Resource Board's Innovative Clean Transit program, which will be submitted to the State by January 2021. The plan will reflect the District's commitment to achieve compliance with the State's mandate and achieve zero-emissions status in advance of the 2040 deadline.

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 San Francisco International Airport. Each bus has a bicycle rack, allowing for multimodal use. Starting in 2019, select buses have been retrofitted with luggage racks and new buses offer USB charging stations and Wi-Fi. SamTrans provides transportation services from early morning until just past midnight.

Fixed-route bus ridership peaked in San Mateo County at 19.0 million in FY 1998, 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 three percent in FY 2014 and another 2.9 percent in FY 2015. However, ridership declined again by 2.8 percent in FY 2016, and the drop persisted through FY 2019. 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). For the first 8 months of FY20, average weekday ridership was about 36,775, compared to 35,100 in FY19.

The District was in the midst of a comprehensive operational analysis (Reimagine SamTrans) when the effects of the COVID-19 Pandemic became paramount. The study was paused so the agency could pivot to do work on scenario planning and near-term service planning. However, the project is restarting in fall 2020 to chart a path forward for full service recovery and ridership growth in FY22 and beyond.

Prior to the pandemic, the SamTrans Business Plan identified microtransit (on-demand local bus service) as a key initiative for the District to undertake in the near-term to increase mobility options for customers. In 2019, a SamTrans microtransit pilot known as SamTrans OnDemand launched in the Linda Mar neighborhood of Pacifica, replacing the existing FLX-P route with a fully on-demand, curb to curb service. After about one year of OnDemand, the agency reverted back to the original FLX-P service. Reimagine SamTrans will consider the lessons learned from the pilot and will likely present a service alternative that utilizes microtransit as a coverage complement to frequent fixed route service. Additionally, on-demand service may be considered as an option for paratransit customers.

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 lifts or ramps and a kneeling feature to make boarding easier. Redi-Wheels and RediCoast members and their Personal Care Attendants are allowed to ride all regular fixed-route SamTrans buses for free. For many persons with disabilities who cannot use fixed-route buses, Redi-Wheels and RediCoast are the only means of general transportation available. In FY 2020, the SamTrans paratransit program provided 256,738 passenger trips. The ridership for FY 2020 is lower as a result of the pandemic.

Caltrain Administration

Since 1992, the District has served as staff to the JPB administering the operation of commuter rail service on the 77-mile corridor between San Francisco and Gilroy. In September 2003, Caltrain instituted a “proof-of-payment” fare collection system that has increased internal controls and freed conductors from onboard ticket sales, allowing them to focus more on customer service and safety. In June 2004, Caltrain introduced limited-stop express service, dubbed “Baby Bullet,” that reduced travel time between San Jose and San Francisco from an hour-and-a-half to just under one hour. That same month, Caltrain resumed weekend service that had been discontinued for nearly two years to allow for right of way improvements in preparation for Baby Bullet service. After many years of planning, Caltrain broke ground on a Centralized Equipment Maintenance and Operations Facility (“CEMOF”) in November 2004 that consolidated several geographically separate maintenance operations, increasing efficiency. In October 2007, the JPB issued fare box revenue bonds to fund eight new Bombardier rail cars, which were placed in service, and in 2015 the agency took similar steps to purchase an additional 16 cars, adding extra capacity to many of the system’s most popular trains.

In the near term, Caltrain will focus on its State-of-Good Repair Program, including the replacement and rehabilitation of infrastructure, communication and control systems and rolling stock in order to maintain safe, quality service for customers. Some of the more recent projects completed by Caltrain include the San Bruno Grade Separation Project, San Mateo County Grade Crossing Improvement Program, the South Terminal and Santa Clara Stations Improvements Project, the San Mateo Bridges Rehabilitation Project, Jerrold Avenue Bridge Replacement Project and the System Station Rehabilitation Project. Currently, a $1.98 billion Caltrain Modernization Program is being advanced. This program is focused on meeting the growing commuter ridership demand in the region, preparing the corridor to accommodate statewide high-speed rail and improving system wide safety.

The Peninsula Corridor Electrification Project includes the installation of electric infrastructure and the procurement of new, high-performance electric trains. The new electrified Caltrain service will substantially increase the ridership capacity of the system. In 2016, Caltrain awarded contracts to design and build the project, which is targeted for revenue service in 2022. The effort also includes implementation of a Positive Train Control System (PTC). PTC is a federally-mandated safety improvement that automatically enforces train movements to avoid collisions. Installation of the project infrastructure is complete and the project entered into revenue service demonstration in September 2019.

District staff produce a separate CAFR for the JPB, and readers may obtain this report upon request.

San Mateo County Transportation Authority (TA)
The District provides staff and administrative support for the TA, which programs and appropriates funds from a half-cent county sales tax authorized by voters in 1988 and extended by voters in November 2004 through 2033. Together with a series of highway projects, the TA invests in Caltrain capital improvements, paratransit services for the mobility impaired and other modes of transit. The TA also allocates funds for alternative congestion relief programs aimed at reducing highway traffic and air pollution. The TA is a co-sponsor for the San Mateo County Express Lanes Joint Powers Authority (JPA) and provides staff and administrative support for the JPA. The JPA owns, manages, operates, and maintains Express Lanes along the Highway 101 corridor in San Mateo County. 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 other half of the revenues. As a result of the designation by the District, the TA administers the remaining 50 percent of Measure W sales tax proceeds in the following four categories:

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

District staff produce a separate CAFR for the Transportation Authority that readers may obtain upon request.

ACKNOWLEDGMENTS AND AWARDS

The staff and contracted firms of the District 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 2019 CAFR 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 2020 CAFR also meets the requirements for a Certificate of Achievement and we have submitted 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.

A CAFR 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.

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Respectfully submitted,

Jim Hartnett
General Manager/CEO

Derek Hansel
Chief Financial Officer/Treasurer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

San Mateo County Transit District California

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Executive Director/CEO

BOARD OF DIRECTORS

KARYL MATSUMOTO, Chair

PETER RATTO, Vice Chair

CAROLE GROOM

RON COLLINS

MARINA FRASER

ROSE GUILBAULT

DAVE PINE

JOSH POWELL

CHARLES STONE

RON COLLINS is a City Selection Committee appointee for the southern portion of San Mateo County, and was appointed to the San Mateo County Transit District Board in January 2019. Mr. Collins was elected to the city of San Carlos as Vice Mayor in November 2015. Vice Mayor Ron Collins has been in the insurance industry since 1981. He owns Collins Insurance in Redwood City. Prior to insurance, Mr. Collins was a public school teacher and administrator in Half Moon Bay for seven years. He holds a master's degree in educational administration. Mr. Collins served in the past as a member of the San Carlos Economic Development Advisory Commission and Planning Commission.

MARINA FRASER is a public member, who was appointed by the San Mateo County Transit District Board of Directors in February 2019. Ms. Fraser served on the Half Moon Bay City Council for 13 years, with three terms as Mayor. She has been a member of numerous boards and commissions, including Peninsula Clean Energy and Commute.org, and currently serves as the Chair of the City/County Association of Government's Bicycle and Pedestrian Advisory Committee. Ms. Fraser is a long-time Coastside resident and lives in Half Moon Bay.

CAROLE GROOM was appointed by the San Mateo County Board of Supervisors in January 2011 to serve on the Transit District Board. She was elected to the Board of Supervisors in June 2010, served as President of the Board in 2011 and 2015. Ms. Groom represents District 2, which includes the cities of Belmont, Foster City and San Mateo. Prior to joining the Board of Supervisors, she served nine years on the San Mateo City Council. Ms. Groom has also spearheaded Active San Mateo County, an annual conference on creating healthy communities and "Streets Alive! Parks Alive!," an annual event to promote parks and public spaces. She also serves on the San Mateo County Transportation Authority Board, California Coastal Commission and the Peninsula Clean Energy Board.

ROSE GUILBAULT is a public member, who was appointed by the San Mateo County Transit District Board of Directors in March 2006. Ms. Guilbault is a Board Trustee for the Mineta Transportation Institute. She is also a published author of two books; "Farmworker's Daughter: Growing up Mexican in America," a childhood memoir and "The Latina's Guide to Success in the Workplace." Ms. Guilbault holds an MBA from Pepperdine University, a Master of Arts degree from the University of San Francisco and a Bachelor's degree from San Jose State University. She resides in Burlingame.

SAN MATEO COUNTY TRANSIT DISTRICT

BOARD OF DIRECTORS

KARYL MATSUMOTO, **Chair**, is a City Selection Committee appointee for the northern portion of San Mateo County and was appointed to the Transit District Board in February 2007. Ms. Matsumoto was elected to the city of South San Francisco City Council in November 1997 and has served as Mayor four times. Ms. Matsumoto is also the representative of the governing body of the San Mateo County Transportation Authority, the City/County Association of Governments of San Mateo County and the Caltrain Modernization Local Policy Maker Group. She holds a Bachelor's degree in Business Administration and her work experience covers public, private and nonprofit sectors.

DAVE PINE was appointed to San Mateo County Transit District Board by the San Mateo County Board of Supervisors in January 2017. He was first elected to the San Mateo County Board of Supervisors in a special election in May 2011 and served as Board President in 2014. He represents District 1, which includes Burlingame, Hillsborough, Millbrae and portions of San Bruno and South San Francisco, the unincorporated communities of San Mateo Highlands, Baywood Park and Burlingame Hills and the San Francisco Airport. Mr. Pine also serves on the Peninsula Clean Energy Authority, the Peninsula Corridor Joint Powers Board, the Association of Bay Area Governments, the Bay Conservation & Development Commission, the San Francisco Bay Restoration Authority, the Bay Area Regional Collaborative, Joint Venture Silicon Valley, SF Bay Conservation and Development Commission and the San Francisquito Creek Joint Powers Authority.

JOSH POWELL is a public member, who was appointed by the San Mateo County Transit District Board of Directors in January 2017. He is a software engineering manager at Apple and is the author of the programming book *Single Page Web Applications: JavaScript End-to-End.* He serves as a public member on the City/County Association of Government's Congestion Management Environmental Quality Committee. Mr. Powell holds a Bachelor's degree in Business from California State University, Sacramento and is a resident of Belmont.

PETER RATTO, **Vice Chair**, Transportation Expert, was appointed by the Board of Supervisors in February 2015. Mr. Ratto is the principal owner of P.M. Ratto Consulting, LLC. Prior to serving on the San Mateo County Transit District Board, Mr. Ratto served nine years on the SamTrans Citizen Advisory Committee representing multimodal riders. Mr. Ratto holds a Bachelor's degree in Transportation Management from San Francisco State University, and has over 40 years of experience in the waste management and recycling industry. Mr. Ratto also serves as a representative on City/County Association of Government's Congestion Management Environmental Quality Committee. A life-long public transit user, Mr. Ratto grew up in Daly City and currently resides in San Mateo.

CHARLES STONE, a City Selection Committee appointee, represents the central portion of San Mateo County on the Transit District Board. Mr. Stone was appointed in 2014. He was elected to the Belmont City Council in November 2013 and has served as both Mayor and Vice Mayor. Mr. Stone holds a Juris Doctorate from Santa Clara University School of Law and a Bachelor's degree from the University of California, San Diego, in Political Science. He owned his own law practice for many years and now works with a local law firm in Redwood City. He also serves on the Peninsula Corridor Joint Powers Board and Peninsula Clean Energy. Mr. Stone was born and raised on the Peninsula, and grew up riding the bus in Daly City, San Bruno and San Mateo.

EXECUTIVE MANAGEMENT

GENERAL MANAGER/CEO

Jim Hartnett

EXECUTIVE OFFICERS

Carter Mau – Deputy Chief Executive Officer

Derek Hansel – Chief Financial Officer

David Olmeda – Chief Operating Officer, Bus

Michelle Bouchard – Chief Operating Officer, Rail

April Chan – Chief Officer, Planning, Grants, and the Transportation Authority

John Funghi – Chief Officer, CalMod Program

Seamus Murphy – Chief Communications Officer

Dora Seamans –Executive Officer, District Secretary/Executive Administration

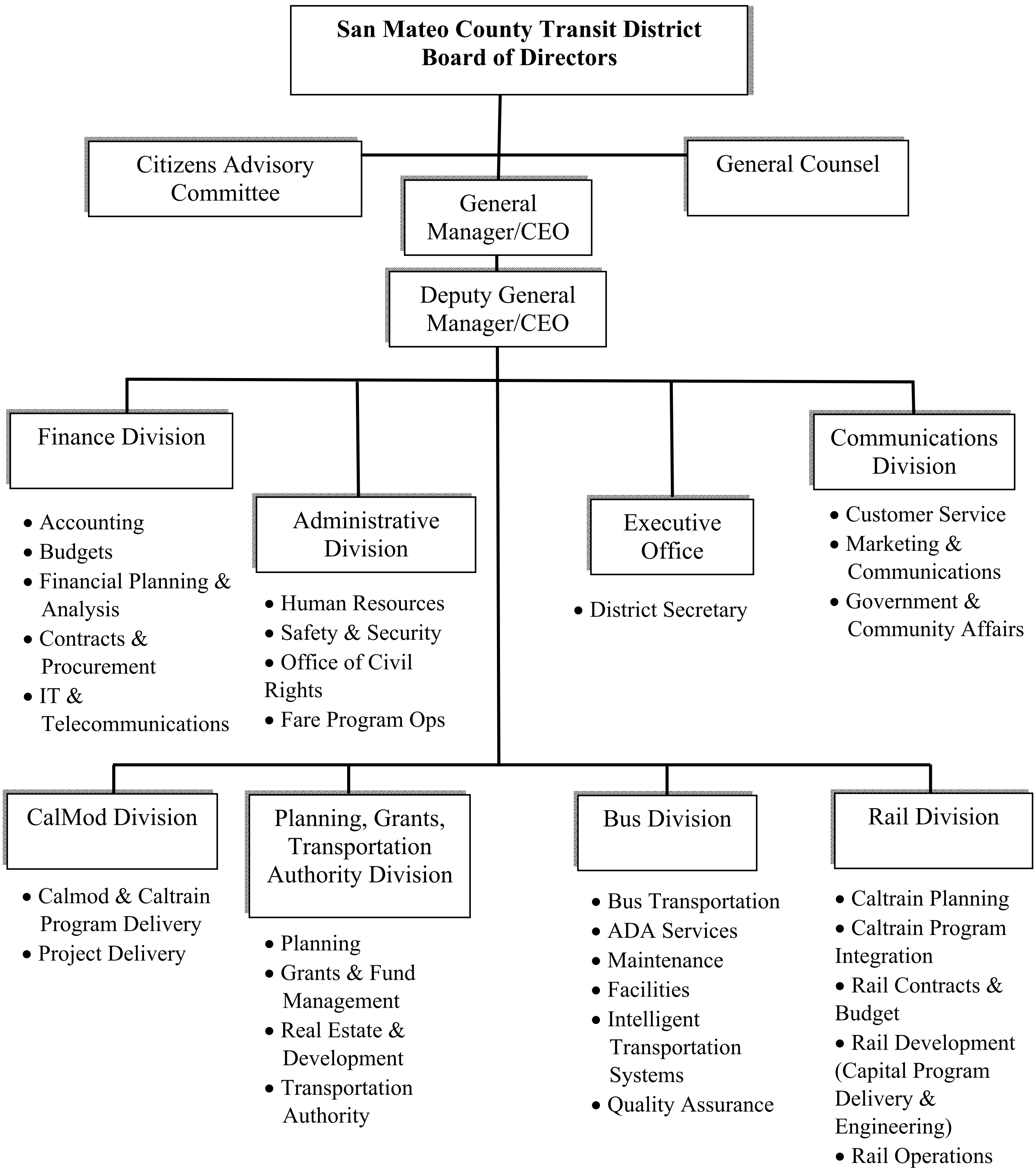
GENERAL COUNSEL

Hanson Bridgett LLP

Joan Cassman, Esq.

SAN MATEO COUNTY TRANSIT DISTRICT

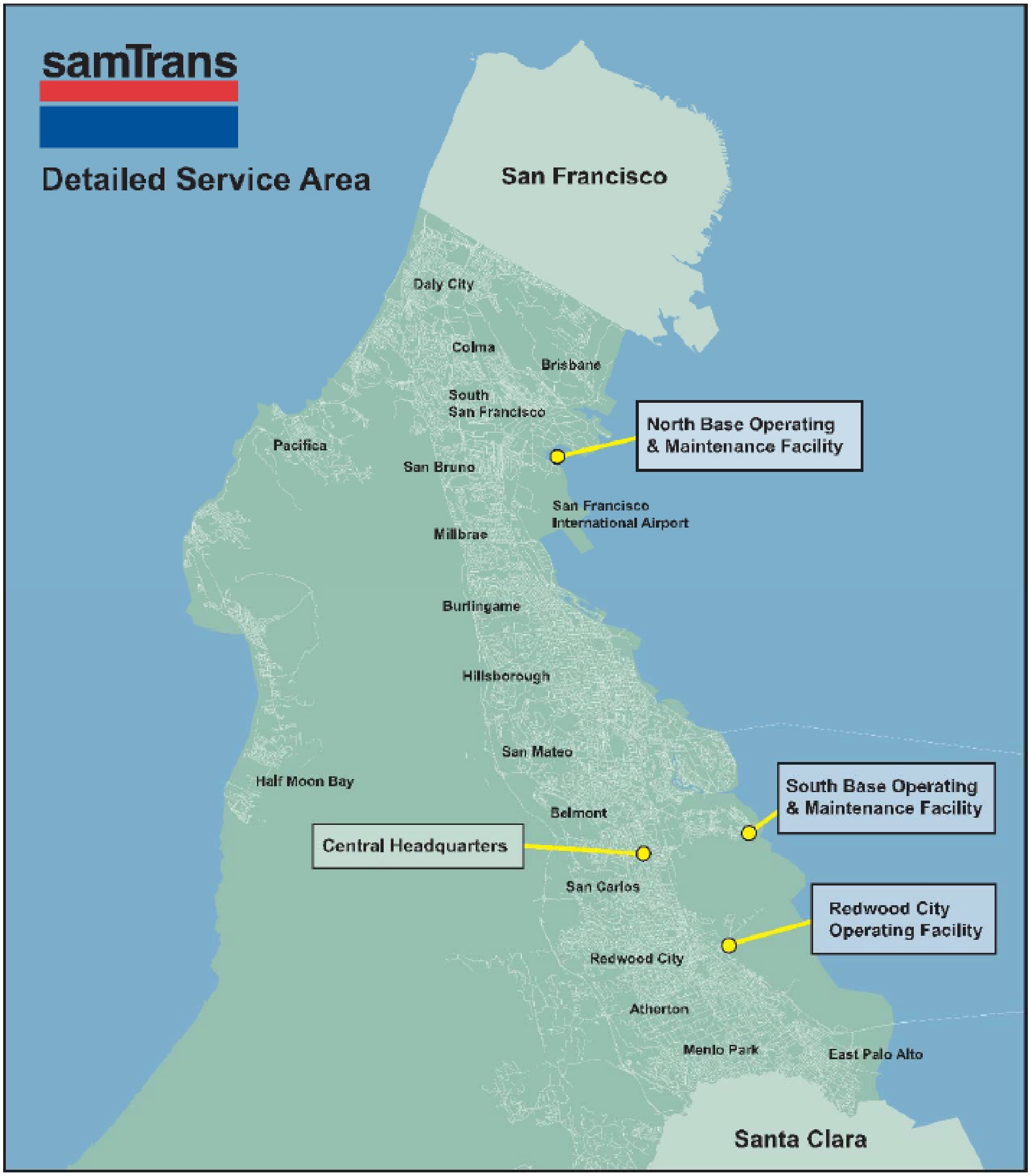
ORGANIZATION CHART



MAPS


San Mateo County, California
Sacramento
San Francisco
Area of Detail
San Mateo County
Los Angeles
San Diego

MAPS


samTrans
Detailed Service Area
San Francisco
Daly City
Colma
Brisbane
South
San Francisco
North Base Operating
& Maintenance Facility
Pacifica
San Bruno
San Francisco
International Airport
Millbrae
Burlingame
Hillsborough
San Mateo
Half Moon Bay
South Base Operating
& Maintenance Facility
Belmont
Central Headquarters
San Carlos
Redwood City
Operating Facility
Redwood City
Atherton
Menlo Park
East Palo Alto
Santa Clara

SAN MATEO COUNTY TRANSIT DISTRICT

TABLE OF CREDITS

The following individuals contributed to the production of the Fiscal Year 2020 Comprehensive Annual Financial Report:

Finance:

Deputy Chief Financial Officer	Grace Martinez, CPA
Director, Treasury	Connie Mobley-Ritter
Director, Budgets	Ladi Millard-Olmeda, CPA
Manager, Financial Reporting and General Ledger	Jennifer Ye, CPA
Manager, Finance Planning and Analysis	Ryan Hinchman
Manager, Grants and Capital Accounting	Brian Lee

Audit Firm:

Partner	Ahmad Gharaibeh, CPA
Senior Manager	Tomohito Oku, CPA

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FINANCIAL

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements:

- Statements of Net Position
- Statements of Revenue, Expenses and Changes in Net Position
- Statements 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 the Net Pension Liability and Related Ratios
- Schedule of Pension Contributions

Supplementary Information

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the San Mateo County Transit District (District) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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1900 S. Norfolk St., Ste. 225 | San Mateo, CA 94403-1166 | T 650.522.3400 | F 650.645.7393 | EOE

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2020 and 2019, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The budgetary comparison information, the introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2020 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 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.

Eide Bailly LLP

San Mateo, California
October 26, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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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 Year 2020 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

- At June 30, 2020, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by $159.5 million *(net position).* Of this amount, a deficit net position of $51.5 million represents the unrestricted net position. At June 30, 2019, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by $74.1 million. Of this amount, a deficit net position of $109.1 million represents the unrestricted net position. At June 30, 2018, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by $56.9 million (net position). Of this amount, a deficit net position of $135.4 million represents the unrestricted net position.

- The District's total net position increased by $85.4 million in the Fiscal Year 2020 and increased by $17.1 million in the Fiscal Year 2019. The increase in the Fiscal Year 2020 was mainly due to increases of $35.1 million in sales tax revenues, $10.2 million in the State and local transportation funds, $27.8 million in Capital Assets, net of depreciation and $11.4 million decrease in Current liabilities. The increase in the Fiscal Year 2019 was mainly due to increases of $12.9 million in sales tax revenues and $6.9 million in the State and local transportation funds.

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.

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 2020, total assets and deferred outflows were $543.8 million, an increase of $65.0 million or 13.6% compared to June 30, 2019. In Fiscal Year 2019, total assets and deferred outflows were $478.8 million, an increase of $14.1 million or 3.0% compared to June 30, 2018. Total current assets increased by $45.4 million or 23.5% to $238.3 million on June 30, 2020 from $192.9 million on June 30, 2019 and increased by $27.0 million or 16.3% at June 30, 2019 compared to June 30, 2018. Capital assets net of accumulated depreciation increased by $27.8 million or 17.7% to $184.4 million at June 30, 2020 compared to 2019 and decreased by $8.9 million or 5.4% in 2019 compared to 2018. Land, buses and related equipment and building and related improvements comprise most of the District’s capital assets.

CONDENSED STATEMENTS OF NET POSITION
(in thousands)

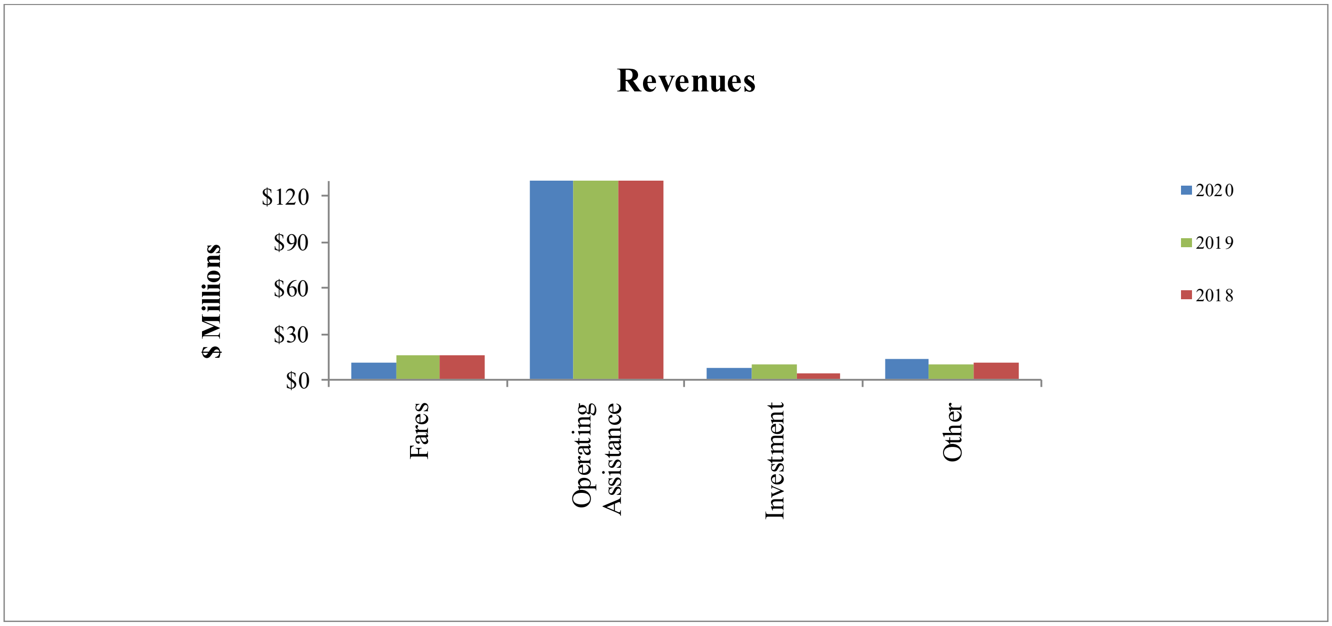
	2020	2019	2018
Assets			
Current assets	$ 238,281	$ 192,903	$ 165,927
Capital assets, net of depreciation	184,402	156,626	165,481
Other noncurrent assets	94,099	97,625	95,559
Total assets	516,782	447,154	426,967
Deferred outflows of resources	26,994	31,608	37,673
Liabilities			
Current liabilities	64,122	75,513	61,760
Long-term debt	200,676	213,992	227,313
Other noncurrent liabilities	114,486	112,206	115,895
Total liabilities	379,284	401,711	404,968
Deferred inflows of resources	5,024	2,997	2,744
Net Position			
Net investment in capital assets	184,402	156,626	165,481
Restricted	26,599	26,575	26,804
Unrestricted	(51,531)	(109,147)	(135,357)
Total net position	**$ 159,470**	**$ 74,054**	**$ 56,928**

In Fiscal Year 2020, total liabilities and deferred inflows were $384.3 million, a decrease of $20.4 million or 5.0% compared to Fiscal Year 2019. In Fiscal Year 2019, total liabilities and deferred inflows were $404.7 million, a decrease of $3.0 million or 0.7% compared to 2018. The decrease for 2020 was mostly due to decreases of $11.9 million in Accounts payables and accrued expenses and $13.3 million in Long-term debt, less current portion, partially offset by increases in Net pension liability and Deferred inflows from OPEB. The decrease for 2019 was mostly due to decreases of $15.2 million in long-term debt and $2.8 million in net OPEB liabilities, partially offset by increases in accounts payable and accrued expenses.

At June 30, 2020, net position was $159.5 million, an increase of $85.4 million or 115.3% compared to $74.1 million at June 30, 2019. On June 30, 2019, net position was $17.1 million or 30.1% higher than June 30, 2018. The $184.4 million net investment in capital assets on June 30, 2020 comprise the majority of net position. Total restricted net position at June 30, 2020 was $26.6 million. The remaining ($51.5) million of total net position at June 30, 2020 was unrestricted net position. The District reported a negative unrestricted net position because it funded the BART to SFO extension but does not report the capital asset related to that project as it does not hold title to the capital asset. The District's cost of the project was over $410.3 million and was paid for in combination bond proceeds and District funds. All of our outstanding bonds and related premiums and deferrals in the amount of $204.5 million were used to fund the BART to SFO extension. In addition, the District net position was negatively impacted by the implementation of GASB 68 and 75. The District reported in Fiscal Year 2020 $85.9 million in net pension liability, net OPEB liability and related deferrals which has negatively impacted the District's net position.

Revenue Highlights

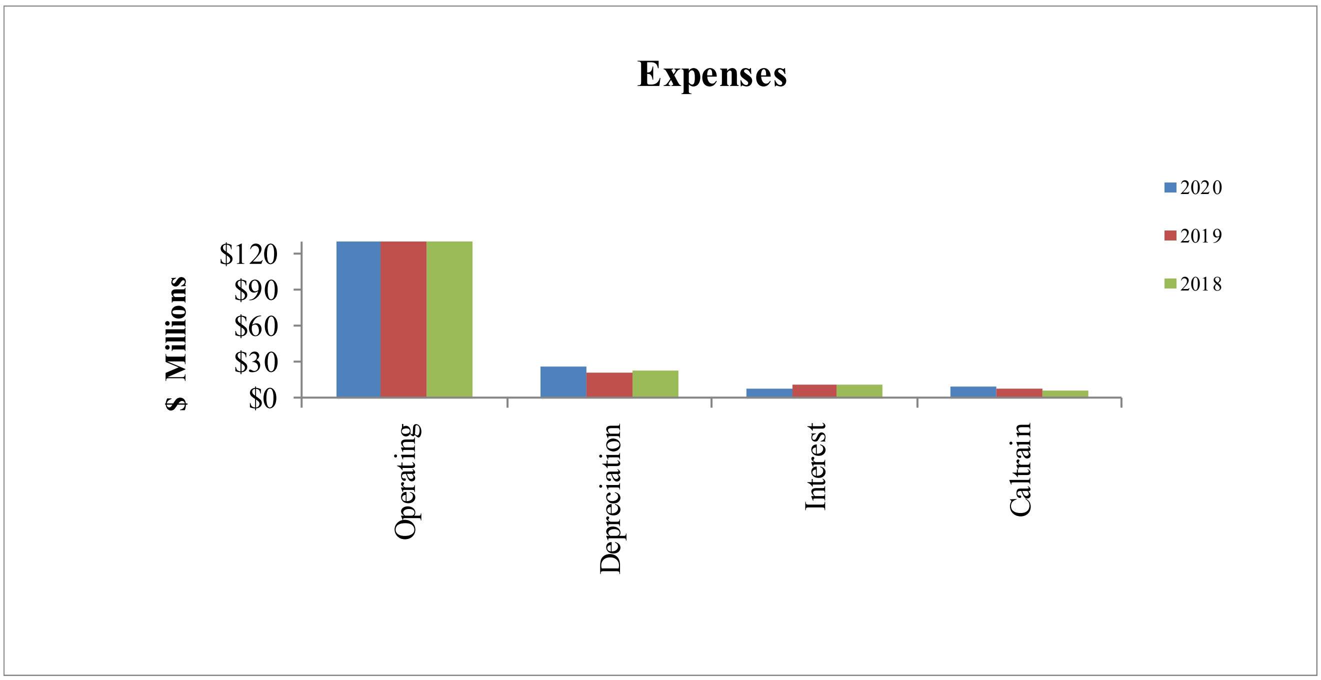
Operating revenues generated from passenger fares of $11.7 million decreased by $3.9 million or 24.9% during Fiscal Year 2020 compared to Fiscal Year 2019 and decreased by $0.2 million or 1.1% in Fiscal Year 2019 compared to Fiscal Year 2018. The decrease for Fiscal Year 2020 was a result of decline in ridership due to the impact of COVID-19 pandemic, and the decrease for Fiscal Year 2019 was a result of lower ridership.



In Fiscal Year 2020, nonoperating revenues increased by $46.8 million or 25.9% to $227.4 million. The increase was mainly due to increases in operating assistance and other income. Operating assistance of $206.0 million accounted for the majority of Fiscal Year 2020 nonoperating revenues. This amount consisted of 65.9% from transaction and use tax, 23.4% from local transportation funds, and 10.6% from others. The largest portion of this increase is attributable to the implementation of the Measure W sales tax, effective July 1, 2019. In Fiscal Year 2019, nonoperating revenues increased by $21.1 million or 13.2% to $180.6 million. This increase was mainly due to an increase in operating assistance and investment income. Operating assistance of $160.4 million accounted for the majority of Fiscal Year 2019 nonoperating revenues. This amount consisted of 62.8% from transaction and use tax, 27.0% from local transportation funds, and 10.2% from others.

Expense Highlights

In Fiscal Year 2020, total operating expenses (excluding depreciation) were $160.6 million, an increase of $12.9 million or 8.7% compared to Fiscal Year 2019. The increase was mainly due to an increase in salaries and benefits and Others. In Fiscal Year 2019, total operating expenses (excluding depreciation) were $147.8 million, an increase of $15.9 million or 12.0% compared to Fiscal Year 2018. Total operating expenses (excluding depreciation) in 2020 consisted of $83.4 million or 51.9% for salaries and benefits, $50.4 million or 31.4% for contract operations and other services, and $26.8 million or 16.7% for other expenses. Total operating expenses (excluding depreciation) in 2019 consisted of $75.5 million or 51.1% for salaries and benefits, $50.3 million or 34.0% for contract operations and other services, and $22.0 million or 14.9% for other expenses. Depreciation and amortization expenses were $25.8 million and $21.5 million for Fiscal Year 2020 and Fiscal Year 2019 respectively, a $4.4 million or 20.2% decrease in Fiscal Year 2020 compared to Fiscal Year 2019 and $1.6 million or 6.9% decrease in Fiscal Year 2019 compared to Fiscal Year 2018.



In Fiscal Year 2020, nonoperating expenses were $16.7 million, a decrease of $1.9 million or 10.0% compared to Fiscal Year 2019. In Fiscal Year 2019, nonoperating expenses were $18.6 million, an increase of $1.3 million or 7.4% compared to Fiscal Year 2018. In Fiscal Year 2020, the District paid the JPB $9.2 million for its contribution toward the Caltrain rail service operation. In Fiscal Year 2019, the District paid the JPB $7.6 million for its contribution toward the Caltrain rail service operation. A more detailed discussion of the District's relationship with the JPB can be found in *Note #7 – Peninsula Corridor Joint Powers Board (JPB)* in the Notes to the Financial Statements.

CONDENSED STATEMENTS OF CHANGES IN NET POSITION
(in thousands)

	2020	2019	2018
Operating revenues-passenger fares	$ 11,690	$ 15,567	$ 15,742
Operating expenses-transit services	160,648	147,782	131,899
Operating loss before depreciation and amortization	(148,958)	(132,215)	(116,157)
Depreciation and amortization	(25,842)	(21,492)	(23,078)
Operating loss	(174,800)	(153,707)	(139,235)
Nonoperating revenues			
Operating assistance	206,031	160,416	144,802
Investment income	7,442	10,036	3,859
Other income, net	13,970	10,180	10,860
Total Nonoperating revenues	227,443	180,632	159,521
Nonoperating expenses			
Interest expense	(7,497)	(10,954)	(11,145)
Caltrain service subsidy	(9,239)	(7,634)	(6,170)
Total Nonoperating expenses	(16,736)	(18,588)	(17,315)
Net gain before capital contributions	35,907	8,337	2,971
Capital contributions	49,509	8,789	10,970
Change in net position	85,416	17,126	13,941
Net position - beginning of year, as previously stated	74,054	56,928	66,387
Restatement - change in Accounting Principle	-	-	(23,400)
Net position - beginning of year, as restated	74,054	56,928	42,987
Net position - end of year	**$ 159,470**	**$ 74,054**	**$ 56,928**

Capital Program

The District received capital contributions of $49.5 million in Fiscal Year 2020 and $8.8 million in Fiscal Year 2019, which was an increase of $40.7 million or 463.3% in Fiscal Year 2020 compared to Fiscal Year 2019 and a decrease of $2.2 million or 19.9% in Fiscal Year 2019 compared to Fiscal Year 2018.

The following is a summary of the District’s major capital expenditures for Fiscal Year 2020.

- Purchase of revenue vehicles ($45.1 million).
- Maintenance and administrative facilities and equipment ($3.7 million).
- Communication information system ($1.3 million).
- Replacement of bus parts in accordance with FTA guidelines ($1.5 million).
- Safety and security ($0.7 million).
- Capital project development, and others ($4.2 million).

Additional information concerning the District’s Capital Assets can be found in *Note #6 - Capital Assets* in the Notes to the Financial Statements.

Debt

At June 30, 2020, the District had $211.0 million in limited tax bonds outstanding, a decrease of $13.1 million or 5.8%, compared to $224.1 million in limited tax bonds outstanding at June 30, 2019. 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 #11 - 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 2021 Operating and Capital Budget on September 2nd, 2020. As in the 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 2021 Operating Budget consists of $253.4 million and $209.4 million in revenues and expenditures, respectively. Passenger fares for both Motor Bus and ADA services are projected to be $5.3 million. Local, State, and Federal funds are projected to increase to $85.1 million due to CARES ACT Funds, and partially offset by anticipated decreases in Transportation Development Act (TDA) and State Transportation Assistance (STA). The District's half-cent sales tax receipts are projected to be $80.0 million. Measure W sales tax receipts are projected to be $40.0 million. Out of the $209.4 million projected operating costs, $146.1 million are budgeted for the Motor Bus program, $19.1 million for the A.D.A program, $8.9 million for the Caltrain program, and $2.7 million for the Multi-Modal program.

The $11.9 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 2021 include purchases of major bus components ($0.7 million), purchase and installation of a computer aided dispatching (CAD) system ($1.8 million), purchases and installation of Wi-Fi equipment on 225 buses ($1.6 million), routine maintenance or replacement ($1.4 million), purchases and replacement of the South Based Switchgear ($1.0 million), engineering and final design studies for Nother Base Building 200 replacement ($1.0 million) and purchase of Pico Blvd, San Carlos property ($3.1 million).

The global Coronavirus Disease 2019 (COVID-19) pandemic will impact subsequent periods of the District's financial conditions. The impact on the district's future revenues, operating costs and any recovery from emergency funding either federal or state, cannot be estimated.

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, attn: Chief Financial Officer, 1250 San Carlos Ave., P.O. Box 3006, San Carlos, California 94070-1306.

BASIC FINANCIAL STATEMENTS AND NOTES

SAN MATEO COUNTY TRANSIT DISTRICT

STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019 (in thousands)

	2020	2019
ASSETS:		
Current Assets:		
Cash and cash equivalents (Notes 1E & 2)	$ 140,618	$ 85,653
Restricted cash (Notes 1G & 2)	8,119	17,387
Subtotal, cash and equivalents	148,737	103,040
Investments (Notes 1F & 2)	34,469	27,507
Restricted investments (Notes 1G & 2)	8,264	5,805
Receivables:		
Transaction and use tax	20,643	16,650
Receivable from Peninsula Corridor Joint Powers Board (Note 7)	7,089	12,495
Receivable from San Mateo County Transportation Authority (Note 9)	3,957	2,473
Federal grants (Note 4)	204	3,792
State and local grants	6,710	12,803
Interest	704	515
Other	3,971	4,073
Allowance for doubtful accounts	(98)	(98)
Total Receivables - Net	43,180	52,703
Inventories (Note 1I)	1,682	1,770
Prepaid items	1,749	2,078
Other current assets	200	-
Total Current Assets	238,281	192,903
Noncurrent Assets:		
Noncurrent investments (Notes 1F & 2)	73,220	76,647
Restricted investments (Notes 1G & 2)	20,847	20,948
Capital assets (Notes 1J & 6):		
Buses and bus equipment	220,442	176,969
Buildings and building improvements	72,961	73,303
Maintenance and other equipment	29,685	27,546
Furniture and fixtures	29,989	33,295
Shelters and bus stop signs	10,393	10,372
Other vehicles	2,518	2,467
Total capital assets	365,988	323,952
Less accumulated depreciation	(244,128)	(226,368)
Land (Note 6)	56,915	53,855
Construction in progress (Note 1K)	5,627	5,187
Capital assets - Net (Note 6)	184,402	156,626
Other assets	32	30
Total noncurrent assets	278,501	254,251
Total assets	**516,782**	**447,154**

The accompanying notes are an integral part of these financial statements.

SAN MATEO COUNTY TRANSIT DISTRICT

STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2020 AND 2019 (in thousands)

	2020	2019
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred charges on refunding	6,519	7,617
Deferred outflows related to OPEB (Note 13)	6,565	6,326
Deferred outflows related to pension (Note 12)	13,910	17,665
Total deferred outflows of resources	**26,994**	**31,608**
LIABILITIES:		
Current Liabilities:		
Accounts payable and accrued expenses	14,294	26,193
Current portion of compensated absences (Note 1O)	7,386	7,242
Current portion of self-insurance liabilities (Note 14)	6,343	5,416
Accrued interest	1,778	1,739
Unearned revenues	24,001	24,863
Current portion of long-term debt (Note 11)	10,320	10,060
Total current liabilities	64,122	75,513
Noncurrent Liabilities:		
Self-insurance liabilities, less current portion (Note 14)	5,433	3,993
Other noncurrent liabilities	4,377	4,524
Compensated absences, less current portion (Note 1O)	3,363	2,319
Long-term debt, less current portion (Note 11)	200,676	213,992
Net OPEB liability (Note 13)	28,217	33,033
Net pension liability (Note 12)	73,096	68,337
Total noncurrent liabilities	315,162	326,198
Total liabilities	**379,284**	**401,711**
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows related to OPEB (Note 13)	2,203	340
Deferred inflows related to pension (Note 12)	2,821	2,657
Total deferred inflows of resources	**5,024**	**2,997**
NET POSITION:		
Net investment in capital assets	184,402	156,626
Restricted for:		
Debt service	1,599	1,575
Paratransit fund (Note 15)	25,000	25,000
Unrestricted	(51,531)	(109,147)
Total net position	**$ 159,470**	**$ 74,054**

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2020 AND 2019 (in thousands)

	2020	2019
OPERATING REVENUES:		
Passenger fares	$ 11,690	$ 15,567
Total operating revenues	**11,690**	**15,567**
OPERATING EXPENSES:		
Salaries and benefits	83,438	75,467
Contract operations and maintenance services	39,625	40,507
Other services	10,750	9,770
Materials and supplies	7,448	7,604
Provisions for claims and claims adjustments	8,575	5,306
Miscellaneous	10,812	9,128
Total operating expenses before depreciation and amortization	160,648	147,782
Depreciation	25,842	21,492
Total operating expenses	**186,490**	**169,274**
Operating loss	(174,800)	(153,707)
NONOPERATING REVENUES (EXPENSES):		
Operating assistance (Note 3)	206,031	160,416
Investment income	7,442	6,775
Interest expense	(7,497)	(7,693)
Caltrain service subsidy (Note 7)	(9,239)	(7,634)
Other income, net	13,970	10,180
Total nonoperating revenues (expenses)	**210,707**	**162,044**
Net income (loss) before capital contributions	35,907	8,337
Capital grants (Note 1P)	49,509	8,789
Change in net position	85,416	17,126
NET POSITION:		
Net position - beginning of year	74,054	56,928
Net position - end of year	**$ 159,470**	**$ 74,054**

The accompanying notes are an integral part of these financial statements.

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SAN MATEO COUNTY TRANSIT DISTRICT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019 (in thousands)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 11,690	$ 15,567
Payments to vendors for goods and services	(81,981)	(64,779)
Payments to employees	(78,248)	(69,467)
Net cash (used for) operating activities	(148,539)	(118,679)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating grants received, including transaction and use tax	216,110	170,124
Caltrain subsidy paid	(9,239)	(7,634)
Net cash provided by non-capital financing activities	206,871	162,490
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(53,620)	(12,637)
Capital contributions from grants	59,043	8,209
Bond principal paid	(10,060)	(11,930)
Interest paid on capital debt	(9,356)	(12,994)
Net cash (used for) capital and related financing activities	(13,993)	(29,352)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investment securities	44,759	55,771
Purchases of investment securities	(49,460)	(54,561)
Investment income received	6,059	3,061
Net cash provided by investing activities	1,358	4,271
Net (increase) in cash and cash equivalents	45,697	18,730
Cash and cash equivalents, beginning of year	103,040	84,310
Cash and cash equivalents, end of year	**$ 148,737**	**$ 103,040**

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019 (in thousands)

	2020	2019
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) IN OPERATING ACTIVITIES:		
Operating loss	$ (174,800)	$ (153,707)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation	25,842	21,492
Net other postemployment liability	(4,816)	(2,827)
Net pension liability	4,759	(103)
Deferred inflows and outflows from pension activities	3,919	5,330
Deferred inflows and outflows from OPEB activities	1,624	(208)
Effect of changes in:		
Accounts receivable	3,922	3,205
Inventories	88	(32)
Prepaid items	329	149
Other assets	(200)	-
Accounts payable and accrued liabilities	(12,761)	7,880
Compensated absences	1,188	444
Self-insurance liabilities	2,367	(302)
Net cash (used in) operating activities	**$ (148,539)**	**$ (118,679)**
NONCASH INVESTING AND CAPITAL ACTIVITIES:		
Capital contributions	$ (9,534)	$ 580
Change in fair value of investments	$ (3,012)	$ (3,120)

The accompanying notes are an integral part of these financial statements.

INDEX TO THE NOTES

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. However, 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 and in return the District is relieved of any and all further responsibility for payment of past and future operating costs, as well as capital costs, associated with the extension.

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:

Net 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.

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

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. 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
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.

K. Construction in progress

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

	2020	2019
Maintenance facility improvements	$ 1,091	$ 92
Bus fleet improvements	2,198	4,671
Shelter, fencing and bus stop improvements	2,174	333
Other	164	91
Total Construction in Progress	**$ 5,627**	**$ 5,187**

L. 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 7) and does not recognize revenues or expenses associated with this agency function.

M. 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.

N. Arbitrage

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

O. 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):

	2020	2019
Beginning Balance	$ 9,561	$ 9,117
Additions	7,787	7,406
Payments	(6,599)	(6,962)
Ending Balance	10,749	9,561
Current Portion	7,386	7,242
Non-current Portion	$ 3,363	$ 2,319

P. Capital Contributions

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):

	2020	2019
Federal grants	$37,685	$ 3,801
State grant (Prop 1B)	11,225	3,914
Local assistance	599	1,074
Total	**$ 49,509**	**$ 8,789**

Q. 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.

R. 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.

S. 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. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

T. 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.

U. Deferred Outflows/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 position 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 position 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 and OPEB activities.

V. 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.

W. New Accounting Pronouncements

Effective this Fiscal Year

GASB Statement No. 95 – In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 or later. For the District, the requirements became effective for FY 2019/2020. The dates noted below were modified to include the postponement.

Effective in Future Fiscal Years

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance related to fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, or the FY 2020/2021. The District is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement is effective for the reporting periods beginning after December 15, 2020, or FY 2021/2022. The District is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in the financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 or FY 2021/2022. The District is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 90 – In August 2018, GASB issued Statement No. 90, *Majority Equity Interest, an amendment of GASB statements No. 14 and No. 61*. The objectives of this Statement is to improve how majority equity interest is reported. The Statement specifies that a majority equity interest in a legally separate organization should be reported as an investment using the equity method if a government's holding of the equity interest meets the definition of an investment and for all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 or FY 2020/2021. The District is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021 or FY 2022/2023. The District is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement is to establish accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 or FY 2021/2022, except for Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments which are effective upon issuance. The District is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 93 – In May 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement is to address those and other accounting and reporting implications resulting from the replacement of an IBOR by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced and providing clarification to the hedge accounting termination provisions, removing LIBOR as a benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap and providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 or FY 2021/2022, except the removal of LIBOR as a benchmark interest rate which is effective for periods beginning after December 31, 2022 or FY 2022/2023. The District is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 94 – In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objectives of this Statement improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022 or FY 2022/2023. The District is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objectives of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022 or FY 2022/2023. The District is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 97 – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.* The objective of this Statement is to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 or FY 2021/2022. The District is evaluating the impact of this Statement on the financial statements.

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):

	2020	2019
Cash and cash equivalents	$ 148,737	$ 103,040
Current investments	34,469	27,507
Current restricted investments	8,264	5,805
Noncurrent investments	73,220	76,647
Noncurrent restricted investments	20,847	20,948
Total	**$ 285,537**	**$ 233,947**

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

	2020	2019
Cash on hand	$ 22	$ 21
Deposits with financial institutions	73,303	37,659
Investments	212,212	196,267
Total	**$ 285,537**	**$ 233,947**

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%	100%
U.S. Agency Securities	None	15 years	100%	100%
Banker's Acceptances	A1/P1/F1	180 days	15%	5%
Commercial Paper ($500 Mil. Min. Assets)	A1/P1/F1	270 days	15%	10%
Negotiable Certificates of Deposit	None	5 years	10%	5%
Repurchase Agreements	None	1 year	100%	50%
Reverse Repurchase Agreements	None	92 days	20% of base value	20%
Medium-term Notes	A	5 years	30%	10%
Shares of beneficial interest issued by diversified management companies	None	30 days	10%	5%
Mortgage Pass-through Securities	AA	5 years	20%	5%
Obligations of California Local Agencies	None	10 years	50%	50%
Local Agency Investment Fund (LAIF)	None	N/A	None	$75M
San Mateo County Investment Fund	None	N/A	None	None

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.

The District's weighted average maturity of its investment portfolio at June 30, 2020 was as follows:

Investment Type	Amount (in thousands)	Weighted Average Maturity (in years)
U.S. Agency Securities	$ 19,097	2.23
U.S. Government Securities	57,605	2.68
Corporate Notes	34,201	2.36
Commercial Paper	6,647	0.24
Certificates of Deposit	6,658	0.84
Municipal Debt Securities	301	4.09
Money Market Mutual Funds	12,291	-
Local Agency Investment Fund (LAIF)	75,412	0.52
Total	**$ 212,212**	
Portfolio Weighted Average Maturity		1.36

The District's weighted average maturity of its investment portfolio at June 30, 2019 was as follows:

Investment Type	Amount (in thousands)	Weighted Average Maturity (in years)
U.S. Agency Securities	$ 12,733	2.05
U.S. Government Securities	46,768	3.22
Corporate Notes	42,015	2.02
Commercial Paper	6,845	0.37
Certificates of Deposit	7,745	1.65
Local Agency Investment Fund (LAIF)	65,359	0.47
Money Market Mutual Funds	14,802	-
Total	**$ 196,267**	
Portfolio Weighted Average Maturity		1.57

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.

		Rating as of June 30, 2020				
Investment Type	**Amount (in thousands)**	**AAA**	**AA**	**A**	**BBB+**	**Not Rated**
U.S. Agency Securities	$ 19,097	$ -	$ 19,097	$ -	$ -	$ -
U.S. Government Securities	57,605	-	57,605	-	-	-
Corporate Notes	34,201	5,043	4,997	24,069	4,752	1,998
Commercial Paper	6,647	-	-	6,647	-	-
Certificates of Deposit	6,658	-	6,658	-	-	-
Municipal Debt Securities	301	-	301	-	-	-
Money Market Mutual Funds	12,291	-	-	-	-	12,291
Local Agency Investment Fund (LAIF)	75,412	-	-	-	-	75,412
Total	**$ 212,212**	**$ 5,043**	**$ 88,658**	**$ 30,716**	**$ 4,752**	**$ 89,701**

		Rating as of June 30, 2019			
Investment Type	**Amount (in thousands)**	**AAA**	**AA**	**A**	**Not Rated**
U.S. Agency Securities	$ 12,733	$ -	$ 12,733	$ -	$ -
U.S. Government Securities	46,768	-	46,768	-	-
Corporate Notes	42,015	6,290	7,753	27,972	-
Commercial Paper	6,845	-	-	-	6,845
Certificates of Deposit	7,745	-	6,588	1,157	-
Local Agency Investment Fund (LAIF)	65,359	-	-	-	65,359
Money Market Mutual Funds	14,802	-	-	-	14,802
Total	**$ 196,267**	**$ 6,290**	**$ 73,842**	**$ 29,129**	**$ 87,006**

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

There were no investments in any one issuer that exceeded 5% of the District's total investment portfolio for the years ended June 30, 2020 or June 30, 2019.

Fair Value Measurements

Debt and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches: debt securities are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors; equity securities are valued using fair value per share for each fund. Certificates of deposit classified in level 2 are valued using broker quotes that utilize observable market inputs. Securities classified as Level 3 have limited trade information, these securities are priced or using the last trade price or estimated using recent trade prices. The following is the District's fair value hierarchy table as of June 30, 2020:

Investment Type	Total	Level 1	Level 2	Uncategorized
U.S. Agency Securities	$ 19,097	$ -	$ 19,097	$ -
U.S. Government Securities	57,605	57,605	-	-
Corporate Notes	34,201	-	34,201	-
Commercial Paper	6,647	-	6,647	-
Certificates of Deposit	6,658	-	6,658	-
Municipal Debt Securities	301	-	301	-
Money Market Mutual Funds	12,291	-	-	12,291
Local Agency Investment Fund (LAIF)	75,412	-	-	75,412
Total investments by fair value type	**$ 212,212**	**$ 57,605**	**$ 66,904**	**$ 87,703**

The following is the District's fair value hierarchy table as of June 30, 2019:

Investment Type	Total	Level 1	Level 2	Uncategorized
U.S. Agency Securities	$ 12,733	$ -	$ 12,733	$ -
U.S. Government Securities	46,768	46,768	-	-
Corporate Notes	42,015	-	42,015	-
Commercial Paper	6,845	-	6,845	-
Certificates of Deposit	7,745	-	7,745	-
Local Agency Investment Fund (LAIF)	65,359	-	-	65,359
Money Market Mutual Funds	14,802	-	-	14,802
Total investments by fair value type	**$ 196,267**	**$ 46,768**	**$ 69,338**	**$ 80,161**

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, 2020 and 2019, the District had $73,161,000 and $37,659,000, 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, 2020 and 2019 was $73,182,000 and $38,604,000, respectively. However, due to California State Law, the excess balances are collateralized with pledged securities by the financial institutions holding the District's deposits.

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, 2020 and June 30, 2019, the District had a contractual withdrawal value in LAIF of $74,910,070 and $64,896,000, respectively. Investments in LAIF are not categorized because deposits and withdrawals are made on the basis of $1 and not fair value.

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 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):

	2020	2019
Transaction and use tax	$ 135,835	$ 100,729
Local transportation funds	48,311	43,333
Federal operating and planning assistance	5,485	2,905
State transit assistance	11,219	5,975
Measure A funds - local	3,640	5,954
Measure M funds - local	1,391	1,400
AB434 and other	150	120
Total	**$ 206,031**	**$ 160,416**

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 at June 30, 2020 and 2019 applicable to these projects are $56,507,000 and $12,637,000, respectively. The related federal participation is $37,685,000 and $3,801,000, respectively.

The District has recorded receivables of $48,000 and $3,288,000, at June 30, 2020 and 2019, 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 – BAY AREA RAPID TRANSIT (BART) DISTRICT EXTENSION AGREEMENTS

The District entered into a Comprehensive Agreement with the San Francisco Bay Area Rapid Transit District (BART) on March 1, 1990. The purpose was to extend BART from the Daly City station to Caltrain and the San Francisco International airport via new stations at Colma, South San Francisco, San Bruno, Millbrae, and the San Francisco International Airport (SFO Extension).

The agreement called for two projects. The first was the Colma Project, an extension of approximately 1.6 miles from the existing Daly City station to the new Colma station. The second was the SFO Extension, which included construction of 10.1 miles of additional track, four additional stations and related facilities. On June 22, 2003, the SFO Extension opened, providing service to South San Francisco, San Bruno, San Francisco International Airport and Millbrae stations.

The total contributions made by the District for the BART projects mentioned above were $410,280,000 over the period from 1990 to 2007. These contributions were funded with District funds and proceeds from the sale of bonds. The District's net position was impacted by the contributions made to BART. The project serves the citizens and taxpayers of the County of San Mateo; however, the capital asset was not recorded on the District's financial statements because the District does not hold title to the capital asset nor does it manage the operation and maintenance of the BART extension. The debt outstanding related to the BART project along with the implementation of the pension and OPEB standards described in Note 12 and 13 have negatively impacted the District's net position. While these are long-term liabilities recorded on the financial statements, the net position available for operations and projects is presented below without the impact of these long-term liabilities:

Unrestricted net position as reported on the financial statements	$	(51,531)
Outstanding debt (plus premiums, net of deferred costs) related to BART contributions		204,477
Net pension liability and related deferrals		62,007
Net OPEB liability and related deferrals		23,855
Net position earmarked for operations and projects	**$**	**238,808**

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the Fiscal Year ended June 30, 2020, was as follows (in thousands):

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
Depreciable Capital Assets				
Buses and bus equipment	$ 176,969	$ 48,840	$ (5,367)	$ 220,442
Buildings and building improvements	73,303	369	(711)	72,961
Maintenance and other equipment	27,546	4,022	(1,883)	29,685
Furniture and fixtures	33,295	-	(3,306)	29,989
Shelters, fencing and bus stop signs	10,372	21	-	10,393
Other vehicles	2,467	172	(121)	2,518
Total Depreciable Capital Assets	323,952	53,424	(11,388)	365,988
Less Accumulated Depreciation for:				
Buses and bus equipment	(104,761)	(12,587)	5,393	(111,955)
Buildings and building improvements	(61,334)	(1,612)	660	(62,286)
Maintenance and other equipment	(30,201)	(6,989)	1,908	(35,282)
Furniture and fixtures	(27,008)	(2,938)	-	(29,946)
Shelters, fencing and bus stop signs	(1,296)	(1,546)	-	(2,842)
Other vehicles	(1,768)	(170)	121	(1,817)
Total Accumulated Depreciation	(226,368)	(25,842)	8,082	(244,128)
Nondepreciable Capital Assets				
Land	53,855	3,060	-	56,915
Construction in progress	5,187	53,619	(53,178)	5,627
Total Nondepreciable Capital Assets	59,042	56,679	(53,178)	62,542
Capital Assets, Net	**$ 156,626**	**$ 84,261**	**$ (56,484)**	**$ 184,402**

Capital asset activity for the Fiscal Year ended June 30, 2019, was as follows (in thousands):

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
Depreciable Capital Assets				
Buses and bus equipment	$ 176,119	$ 850	$ -	$ 176,969
Buildings and building improvements	70,212	3,091	-	73,303
Maintenance and other equipment	25,372	2,174	-	27,546
Furniture and fixtures	32,346	949	-	33,295
Shelters, fencing and bus stop signs	1,015	9,357	-	10,372
Other vehicles	2,496	217	(246)	2,467
Total Depreciable Capital Assets	307,560	16,638	(246)	323,952
Less Accumulated Depreciation for:				
Buses and bus equipment	(94,233)	(10,528)	-	(104,761)
Buildings and building improvements	(58,874)	(2,460)	-	(61,334)
Maintenance and other equipment	(28,303)	(1,898)	-	(30,201)
Furniture and fixtures	(20,821)	(6,187)	-	(27,008)
Shelters, fencing and bus stop signs	(968)	(328)	-	(1,296)
Other vehicles	(1,923)	(91)	246	(1,768)
Total Accumulated Depreciation	(205,122)	(21,492)	246	(226,368)
Nondepreciable Capital Assets				
Land	53,855	-	-	53,855
Construction in progress	9,188	12,637	(16,638)	5,187
Total Nondepreciable Capital Assets	63,043	12,637	(16,638)	59,042
Capital Assets, Net	**$ 165,481**	**$ 7,783**	**$ (16,638)**	**$ 156,626**

NOTE 7 – PENINSULA CORRIDOR JOINT POWERS BOARD (JPB)

The District is a member in the Peninsula Corridor Joint Powers Board (JPB) along with the VTA and the CCSF. The JPB is governed by a separate board comprised of nine members – three from each member agency. The JPB was established in 1988 to keep Caltrain operating after the state’s responsibility ended. The JPB was formed to plan, administer and operate the Caltrain service. The JPB began operating the Caltrain service on July 1, 1992. Prior to July 1, 1992, such rail service was operated by the California Department of Transportation (Caltrans) and Southern Pacific Railroad.

During Fiscal Year 1992, the District advanced the CCSF’s and VTA’s initial contribution in the amount of \$8,294,000 and \$34,652,000, respectively, to acquire from Southern Pacific the rail corridor right of way between San Francisco and San Jose and perpetual trackage rights between San Jose and Gilroy. The District and the JPB are tenants in common, each to an undivided 50% share, to all right of way property acquired in that December 1992 acquisition transaction and located in San Mateo County until the District receives the full reimbursement of the initial contribution plus interest from CCSF and VTA. CCSF and VTA agreed to use their best efforts individually and collectively to advocate for and obtain grants from non-local sources to reimburse the District for their respective contributions (see Note 8 “Caltrain Right of Way”).

Since the JPB's inception in 1988, the District has been designated as its Managing Agency, providing administrative personnel and facilities. The District's role as Managing Agency will continue unless and until it no longer chooses to do so pursuant to the Agreement described in Note 8, "Caltrain Right of Way."

The District is responsible for 32.66 and 30.00 percent of the mainline net operating costs and the administrative expenses of the JPB for the years ended June 30, 2020 and 2019, respectively. The District recognizes the entire amount of contributions paid to the JPB as an expense in the year disbursed. During the years ended June 30, 2020 and 2019, the District contributed $9,239,000 and $7,634,000 respectively, to the JPB for operating needs.

The District had total receivables from the JPB of $7,089,000 at June 30, 2020, down from $12,495,000 at June 30, 2019, 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.

NOTE 8 – LAND AND RIGHT OF WAY

Dumbarton Land and Right of Way

In November 1994, the San Mateo County Transportation Authority (Transportation Authority) purchased and subsequently transferred the Dumbarton land and right of way 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.

San Carlos Land and Right of Way

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 structure. Having completed the grade separation, the Transportation Authority Board of Directors agreed to sell the property to the District. Under the terms of the transaction, the District is permitted to pay the purchase price over time subject to the payment of interest prospectively at the current rate of return earned by the Transportation Authority on its investment portfolio until the principal is paid in full before December 1, 2033.

Caltrain Right of Way

On October 31, 2008, all three of the JPB member agencies together with the Metropolitan Transportation Commission (MTC) signed an agreement to fully resolve all outstanding financial issues related to the acquisition of the Caltrain right of way. Both the City and County of San Francisco (CCSF) and Santa Clara Valley Transportation Authority (VTA) have agreed to reimburse the District using gasoline “spillover” funds. The population based “spillover” funds are to be paid directly to the District from the MTC, and revenue based “spillover” funds are to be paid to the District from the San Francisco Municipal Transportation Agency (SFMTA) and VTA. The parties agreed to make best efforts to allocate the funds in full within two to four years and, in no event, later than 10 years. As of June 30, 2020, the District has received a total of $33.5 million from “spillover”, Federal Transportation Improvement Program funds as well as local VTA and SFMTA funds. 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 parties expressly agreed in the October 31, 2008 Agreement to designate the District as the Managing Agency of the Peninsula Corridor Joint Powers Board. This Agreement further provides that the District “will serve in that capacity unless and until it no longer chooses to do so”.

Out of the total $53.3 million repayment per this agreement, $33.5 million has been repaid to the District. The contractual commitment from MTC on behalf of CCSF and VTA for the remaining principal amount of $19.8 million has yet to be repaid to the District. Ultimately, when all payments have been received by the District, the District will reconvey to the JPB all of its interest in the title to the right of way in San Mateo County.

NOTE 9 – SAN MATEO COUNTY 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, Measure W authorizes the District to transfer one half of that sales tax's revenues 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.

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 real estate assets it has acquired as a result of its financial support of transportation projects in its Expenditure Plan. The District holds title to properties, both as an accommodation to Transportation Authority as well as for use in transit. The District has recorded these parcels as capital assets.

Please refer to the discussion of the San Carlos Right of Way in Note 8. The note of $4,343,000 is included in other noncurrent liabilities on the statement of net position. The District also has an accrued interest liability of $1,060,000 and $982,000, respectively, as of June 30, 2020 and 2019 for the promissory note.

The District has total receivables from the Transportation Authority of $3,957,000 and $2,473,000 at June 30, 2020 and 2019 respectively, for advances of staff support and operating costs and reimbursement of Caltrain subsidy. Complete financial statements for the Transportation Authority can be obtained from the Transportation Authority at 1250 San Carlos Ave., San Carlos, California, 94070.

NOTE 10 – SAN MATEO COUNTY EXPRESS LANES JOINT POWERS AUTHORITY

In May of 2019, the Transportation Authority and City/County Association of Governments ("C/CAG") formed the San Mateo County Express Lanes Joint Powers Authority ("JPA") through a Joint Exercise of Powers Agreement to exercise their shared rights to own, administer and manage the San Mateo County 101 Express Lanes Project. Under that agreement, the San Mateo County Transit District (as Managing Agency for the Transportation Authority) and C/CAG both will provide staff support to the JPA. 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 JPA's website). The Transportation Authority will compensate the District for staff time spent in support of the JPA; the JPA will in turn reimburse the Transportation Authority such costs.

NOTE 11 – 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, 2020 is as follows (in thousands):

	Original Issue Amount	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020	Current Balance at June 30, 2020
Limited Tax Bonds						
2015 Series A Refunding Bonds 3.00%-5.00%, due 6/1/2034	$ 210,280	$ 203,280	$ -	$ (10,060)	$ 193,220	$ 10,320
Total debt		203,280	-	(10,060)	193,220	**$ 10,320**
Unamortized bond premium		20,772	-	(2,996)	17,776	
Total bonds payable		**$ 224,052**	**$ -**	**$ (13,056)**	**$ 210,996**	

Long-term debt activity for the year ended June 30, 2019 is as follows (in thousands):

	Original Issue Amount	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019	Current Balance at June 30, 2019
Limited Tax Bonds						
2015 Series A Refunding Bonds 3.00%-5.00%, due 6/1/2034	$ 210,280	$ 210,280	$ -	$ (7,000)	$ 203,280	$ 10,060
2015 Series B Refunding Bonds 0.41%-1.953%, due 6/1/2019	39,965	4,930	-	(4,930)	-	-
Total debt		215,210	-	(11,930)	203,280	**$ 10,060**
Unamortized bond premium		24,033	-	(3,261)	20,772	
Total bonds payable		**$ 239,243**	**$ -**	**$ (15,191)**	**$ 224,052**	

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.

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. Principal on the 2015 Series B is payable on June 1 of each year through 2019.

Proceeds from the 2015 Refunding Bonds were used to purchase U.S. Government Securities and were placed in an irrevocable trust, in an amount necessary to satisfy principal and interest payments on the 1993 Series A Bonds and 2009 Series A Refunding Bonds. The 2005 Bonds were called and paid off in Fiscal Year 2015. The refunded 1993 and 2009 Bonds have been paid off in Fiscal Year 2020.

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 $135.8 million and the amount required for the debt service was $19.4 million during Fiscal Year 2020. The pledged revenue coverage was 7.02 percent.

Debt Service Requirements to Maturity

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

	2015 Series A		
Fiscal Year Ending June 30,	Principal	Interest	Total
2021	$ 10,320	$ 8,829	$ 19,149
2022	10,780	8,370	19,150
2023	11,290	7,855	19,145
2024	11,825	7,318	19,143
2025	12,390	6,748	19,138
2026-2030	71,890	23,765	95,655
2031-2034	64,725	5,726	70,451
Total debt service	**$ 193,220**	**$ 68,611**	**$ 261,831**

NOTE 12 – 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); and to be eligible for retirement, a PEPRA employee must be at least 52 years of age to retire. 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, 2020, are summarized as follows:

Hire date	Prior to June 1, 2012	June 1, 2012 through December 31, 2012	On or after January 1, 2013
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	7.000%	7.000%	7.000%
Required employer contribution rates*	8.338%	8.338%	8.338%

*Excluding an additional UAL payment in the amount of $4,350,966.

Employees Covered – At June 30, 2020, the following employees were covered by the plan:

Inactive employees (or their beneficiaries) currently receiving benefits	585
Inactive employees entitled to but not yet receiving benefits	604
Active employees	693
Total number of employees covered by the benefit terms	**1,882**

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 FY20, the JPB's portion of this payment was $1,036,000, and the Transportation Authority's portion of this payment was $90,000; In FY19, the JPB's portion of this payment was $751,000, and the Transportation Authority's portion of this payment was $68,000.

Net Pension Liability

The District's net pension liability for Fiscal Year 2020 is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability for Fiscal Year 2020 is measured as of June 30, 2019, using an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's net pension liability for Fiscal Year 2019 is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability for Fiscal Year 2019 is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 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, 2019 and June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

	2019	**2020**
Valuation Date	June 30, 2017	June 30, 2018
Measurement Date	June 30, 2018	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	Varies by Entry-Age and Service	Varies by Entry-Age and Service
Investment Rate of Return	7.15% (1)	7.15% (1)
Mortality	(2)	(2)

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

(2) The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Further details regarding the experience study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.15 percent for each Plan for both Fiscal Years ended June 30, 2020 and 2019. 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 7.15% 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	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitivity	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

(a) An expected inflation of 2.00% used for this period.
(b) An expected inflation of 2.92% used for this period.

Source: CalPERS 2019 CAFR.

Changes in the Net Pension Liability

The changes in the net pension liability recognized over the measurement period ended June 30, 2019 (Fiscal Year ended June 30, 2020) is as follow (in thousands):

	Increase (Decrease)		
	Total Pension Liability	**Fiduciary Net Position**	**Net Pension Liability**
Balance at June 30, 2019	$ 349,668	$ 281,331	$ 68,337
Changes recognized for the measurement period			
Service cost	8,706	-	8,706
Interest on the total pension liability	24,886	-	24,886
Changes of assumptions	-	-	-
Difference between expected and actual experience	1,785	-	1,785
Net plan to plan resource movement	-	-	-
Contributions from the employer	-	8,159	(8,159)
Contributions from employees	-	4,157	(4,157)
Net investment income	-	18,503	(18,503)
Benefit Payments, including refunds	(15,487)	(15,487)	-
Administrative Expense	-	(201)	201
Other miscellaneous income/(expense)	-	1	(1)
Net changes	19,890	15,132	4,759
Balance at June 30, 2020	**$ 369,558**	**$ 296,463**	**$ 73,096**

The changes in the Net Pension Liability recognized over the measurement period ended June 30, 2018 (Fiscal Year ended June 30, 2019) is as follow (in thousands):

	Increase (Decrease)		
	Total Pension Liability	**Fiduciary Net Position**	**Net Pension Liability**
Balance at June 30, 2018	$ 332,576	$ 264,137	$ 68,440
Changes recognized for the measurement period			
Service cost	8,511	-	8,511
Interest on the total pension liability	23,524	-	23,524
Changes of assumptions	(2,738)	-	(2,738)
Difference between expected and actual experience	2,022	-	2,022
Net plan to plan resource movement	-	(1)	-
Contributions from the employer	-	6,603	(6,603)
Contributions from employees	-	3,703	(3,703)
Net investment income	-	22,310	(22,310)
Benefit Payments, including refunds	(14,227)	(14,227)	-
Administrative Expense	-	(412)	412
Other miscellaneous income/(expense)	-	(782)	782
Net changes	17,092	17,194	(103)
Balance at June 30, 2019	**$ 349,668**	**$ 281,331**	**$ 68,337**

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, 2019 (Fiscal Year ended June 30, 2020) 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):

	1% Decrease	Current	1% Increase
Discount Rate	6.15%	7.15%	8.15%
Net Pension Liability	$ 120,171	$ 73,096	$ 33,801

The following presents the net pension liability for the measurement period ended June 30, 2018 (Fiscal Year ended June 30, 2019) 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):

	1% Decrease	Current	1% Increase
Discount Rate	6.15%	7.15%	8.15%
Net Pension Liability	$ 113,296	$68,337	$ 30,808

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, 2020, the District recognized pension expense of $18,310,000. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 9,633	$ -
Changes of assumptions	2,121	(1,173)
Differences between expected and actual experiences	2,156	(164)
Net differences between projected and actual earnings on plan investments	-	(1,484)
Total	**$ 13,910**	**$ (2,821)**

Deferred outflows of resources related to contributions subsequent to the measurement date is $9,633,000, which will be recognized as a reduction of the net pension liability and a component of pension expense in the year ending June 30, 2021. 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):

Year Ended June 30	
2021	$ 3,286
2022	(1,997)
2023	(130)
2023	297
Total	**$ 1,456**

NOTE 13 – 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 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.

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. 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, 2018 and June 30, 2019 measurement dates, the numbers of active and retired District employees covered by the Plan were as follows:

	2019	2018
Retired employees	500	522
Active employees	734	696
Total	**1,234**	**1,218**

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, 2020, the District contributed $3,238,000 to the established trust fund through CERBT. In addition, the District contributed $2,684,000 in pay-as-you-go amounts for the year ended June 30, 2020. Additional contributions were in the form of an implicit subsidy in the amount of $643,000 were made.

In Fiscal Year ended June 30, 2019, the District contributed $3,038,000 to the established trust fund through CERBT. In addition, the District contributed $2,618,000 in pay-as-you-go amounts for the year ended June 30, 2019. Additional contributions in the form of an implicit subsidy in the amount of $620,000 were made.

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 FY20, the JPB's portion of this payment was $745,000, and the Transportation Authority's portion of this payment was $65,000; In FY19, the JPB's portion of this payment was $675,000, and the Transportation Authority's portion of this payment was $61,000.

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, 2019 for the Fiscal Year ended on June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 that was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Discount Rate	6.75%
Inflation	2.75%
Investment Rate of Return	6.75%
Mortality	Projected fully generational with Scale MP-2019
Healthcare Trend Rate	Non-Medicare – 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 Medicare – 6.5% for 2021, decreasing to an ultimate rate of 4.0% in 2076

The District's net OPEB liability was measured as of June 30, 2018 for the Fiscal Year ended on June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 that was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Discount Rate	6.75%
Inflation	2.75%
Investment Rate of Return	6.75%
Mortality	Projected fully generational with Scale MP-2017
Healthcare Trend Rate	Non-Medicare – 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 Medicare – 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Public Equity	59.00%	4.82%
Fixed Income	25.00%	1.47%
TIPS	5.00%	1.29%
Commodities	3.00%	0.84%
REITs	8.00%	3.76%
	100.00%	

*Includes 2.75% inflation.

Source: CalPERS 2019 CAFR

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent for both measurement dates as of June 30, 2019 and 2018. 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.

Change in Net OPEB Liability

The changes in the net OPEB liability for the District's plan over the measurement period ended June 30, 2019 (Fiscal Year ended June 30, 2020) are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2019	$ 51,646	$ 18,613	$ 33,033
Changes for the year:			
Service cost	1,638	-	1,638
Interest	3,486	-	3,486
Changes in benefit terms	-	-	-
Differences between actual and expected experience	(2,076)	-	(2,076)
Changes in assumptions	(330)	-	(330)
Contribution - employer	-	6,327	(6,327)
Contribution - member	-	-	-
Net investment income	-	1,219	(1,219)
Benefit payments and refunds	(3,281)	(3,281)	-
Administrative expenses	-	(12)	12
Net changes	(563)	4,253	(4,816)
Balance at June 30, 2020	**$ 51,083**	**$ 22,866**	**$ 28,217**

The changes in the net OPEB liability for the District's plan over the measurement period ended June 30, 2018 (Fiscal Year ended June 30, 2019) are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2018	$ 49,819	$ 13,959	$ 35,860
Changes for the year:			
Service cost	1,659	-	1,659
Interest	3,367	-	3,367
Changes in benefit terms	-	-	-
Differences between actual and expected	-	-	-
Changes in assumptions	-	-	-
Contribution - employer	-	6,746	(6,746)
Contribution - member	-	-	-
Net investment income	-	1,143	(1,143)
Benefit payments and refunds	(3,199)	(3,199)	-
Administrative expenses	-	(36)	36
Net changes	1,827	4,654	(2,827)
Balance at June 30, 2019	**$ 51,646**	**$ 18,613**	**$ 33,033**

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, 2020 and 2019:

Net OPEB Liability for the Fiscal Year Ended on June 30, 2020		
Discount Rate - 1% (5.75%)	Current Discount Rate (6.75%)	Discount Rate + 1% (7.75%)
$ 33,122	**$ 28,217**	**$ 24,003**

Net OPEB Liability for the fiscal year ended on June 30, 2019		
Discount Rate - 1% (5.75%)	Current Discount Rate (6.75%)	Discount Rate + 1% (7.75%)
$ 38,058	**$ 33,033**	**$ 28,720**

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, 2020 and 2019:

Net OPEB Liability for the Fiscal Year Ended on June 30, 2020		
Trend Rate - 1%	Current Trend	Trend Rate + 1%
$ 26,982	**$ 28,217**	**$ 29,906**

Net OPEB Liability for the fiscal year ended on June 30, 2019		
Trend Rate - 1%	Current Trend	Trend Rate + 1%
$ 31,629	**$ 33,033**	**$ 34,938**

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.

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

For the Fiscal Year ended June 30, 2020, the District recognized an OPEB expense in the amount of $3,373,000. As of Fiscal Year ended June 30, 2020, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 6,565	$ -
Changes of Assumptions	-	279
Differences between Expected and Actual Experiences	-	1,757
Net differences between projected and actual earnings on plan investments	-	167
Total	**$ 6,565**	**$ 2,203**

For the Fiscal Year ended June 30, 2019, the District recognized an OPEB expense in the amount of $3,992,000. As of Fiscal Year ended June 30, 2019, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 6,326	$ -
Net differences between projected and actual earnings on plan investments	-	340
Total	**$ 6,326**	**$ 340**

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 to OPEB expense in 2021. The other deferrals are amortized over the remaining 6 years from 2021 to 2026 as follows:

Year Ended June 30	
2021	$ (457)
2022	(455)
2023	(383)
2024	(352)
2025	(370)
Thereafter	(186)
Total	**$ (2,203)**

NOTE 14 – 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, 2020, coverage provided by self-insurance and excess coverage (purchased by the District) is generally summarized as follows:

Type of coverage	Self-Insured Retention	Excess Insurance
General Liability and Auto Liability	$1,000,000 per occurrence	$100,000,000 per occurrence/ annual aggregate
Workers' Compensation	$1,000,000 per occurrence	$10,000,000 per occurrence
Employment Practices	$300,000 per claim	$5,000,000 aggregate
Bus Physical Damage	$50,000 maximum per vehicle / $150,000 maximum per occurrence	$94,682,000 per occurrence
Real and Personal Property	$25,000 per occurrence	$90,000,000 per occurrence
Environmental Liability	$50,000 per occurrence	$5,000,000 3-year policy aggregate
Fiduciary Liability	$10,000 per occurrence	$2,000,000 Aggregate
Cyber Liability	$50,000 per occurrence	$5,000,000 aggregate
Crime Insurance/Employee Dishonesty	$25,000 per occurrence except for $50,000 fraudulant impersonation	$15,000,000 per loss
Kidnap & Ransom	N/A	$1,000,000 aggregate

All rolling stock is insured at full replacement value for total insurable values (TIV) of $228,347,950. Real and Personal Property is insured for total insurable values (TIV) of $122,108,640 and is inclusive of $25,000,000 in state and federally mandated flood insurance. General Liability is inclusive of Public Officials Liability up to $100,000,000. 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 two years ended June 30 for public liability, property damage and workers' compensation are as follows (in thousands):

	2020	2019
Self-insurance liabilities, beginning of year	$ 9,409	$ 9,711
Incurred claims and changes in estimates	4,018	5,034
Claim payments and related costs	(1,651)	(5,336)
Total Self-insurance claims liabilities	11,776	9,409
Less current portion	6,343	5,416
Noncurrent portion	**$ 5,433**	**$ 3,993**

NOTE 15 – PARATRANSIT TRUST FUND

Early in calendar year 2009, the Transportation Authority transferred the $25 million corpus of the paratransit trust fund to the District for oversight. The Transportation Authority established the trust fund to continue in perpetuity from Measure A sales tax revenues. The Transportation Authority was required to transfer the corpus of the paratransit trust fund to the District for administration upon expiration of the original Measure A on December 31, 2008 per the 1988 Transportation Expenditure Plan. The District now administers the fund and utilizes earnings on the corpus to fund paratransit activities. The amount is included as a component of restricted net position.

NOTE 16 – 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, 2020, the ultimate resolution of these matters will not materially affect the District's financial position.

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 management, such allowances, if any, will not materially affect the District's financial position.

NOTE 17 – 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). Of this amount, $3.6 billion in the PTMISEA is available to project sponsors in California for allocation to eligible public transportation projects.

The following table shows the changes in activity related to the PTMISEA grant funds during the Fiscal Year and the remaining commitment as of June 30, 2020:

	PTMISEA 2010 Various Projects Allocation (Fund 3606)	PTMISEA 2011 Various Projects Allocation (Fund 3622)	PTMISEA 2015 Various Projects Allocation (Fund 3643)	PTMISEA 2014 Various Projects Allocation (Fund 3639)	PTMISEA 2015 Various Projects Allocation (Fund 3646)	Various PTMISEA Grant Interest (Fund 3636)
Available proceeds June 30, 2019	$ 243,471	$ 156,872	$ 6,728,592	$ 2,236,119	$ 1,216,034	$ 176,372
Allocations received	-	-	-	-	-	39,128
Adjustment	-	-	-	-	-	-
Pass Thru Expenses	-	-	-	-	-	-
Total Expenditures	(556)	(1,198)	(5,824,517)	(1,598,571)	(1,147,928)	-
Available proceeds June 30, 2020	**$ 242,915**	**$ 155,674**	**$ 904,075**	**$ 637,548**	**$ 68,106**	**$ 215,500**

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REQUIRED SUPPLEMENTARY INFORMATION

SAN MATEO COUNTY TRANSIT DISTRICT

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

(Amounts in thousands)	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018*
Total OPEB Liability			
Service cost	$ 1,638	$ 1,659	$ 1,611
Interest on Total OPEB Liability	3,486	3,367	3,247
Changes of Assumptions	(330)	-	-
Difference Between Expected and Actual Experience	(2,076)	-	-
Benefit Payments, Including Refunds of Employee Contributions	(3,281)	(3,199)	(3,032)
Net Change in Total OPEB Liability	(563)	1,827	1,826
Total OPEB Liability - Beginning	51,646	49,819	47,993
Total OPEB Liability - Ending	$ 51,083	$ 51,646	$ 49,819
Fiduciary Net Position			
Contributions - Employer	$ 6,327	$ 6,746	$ 5,032
Net Investment Income	1,219	1,143	1,174
Benefit Payments, Including Refunds of Employee Contributions	(3,281)	(3,199)	(3,032)
Administrative Expense	(12)	(36)	(6)
Net Change in Fiduciary Net Position	4,253	4,654	3,168
Plan Fiduciary Net Position - Beginning	18,613	13,959	10,791
Plan Fiduciary Net Position - Ending	$ 22,866	$ 18,613	$ 13,959
Net OPEB Liability - Ending	**$ 28,217**	**$ 33,033**	**$ 35,860**
Fiduciary Net Position as a Percentage of the Total OPEB Liability	44.76%	36.04%	28.02%
Covered Payroll	$ 70,978	$ 64,378	$ 49,777
Net OPEB Liability as a Percentage of Covered Payroll	39.75%	51.31%	72.04%
Measurement date	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 2020	Fiscal Year 2019	Fiscal Year 2018*
Actuarially Determined Contribution	$ 6,565	$ 6,326	$ 6,080
Contributions in Relation to the Actuarially Determined Contribution	(6,565)	(6,326)	(6,080)
Contribution Deficiency (Excess)	**$ -**	**$ -**	**$ -**
Covered Payroll	74,287	70,978	64,378
Contributions as a Percentage of Covered Payroll	8.84%	8.91%	10.83%

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

Methods and assumptions used to determine contributions:

Actuarial Valuation Date.	June 30, 2017	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method		
Asset Valuation Method	Market Value of Assets		
Amortization Method	Level Percent of Payroll		
Actuarial Assumptions			
Discount Rate	6.75%		
Inflation	2.75%		
Aggregate Payroll Increase	3.00%		
Salary Merit and Longevity Increases	CalPERS 1997-2015 Experience Study		

SAN MATEO COUNTY TRANSIT DISTRICT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

(Amounts in thousands)	2020	2019	2018
Total pension liability			
Service cost	$ 8,706	$ 8,511	$ 8,145
Interest on the total pension liability	24,886	23,524	22,342
Changes of assumptions	-	(2,738)	18,030
Difference between expected and actual experience	1,785	2,022	(1,390)
Benefit payments, including refunds of employee contributions	(15,487)	(14,227)	(12,618)
Net change in total pension liability	19,890	17,092	34,509
Total pension liability - beginning of year	349,668	332,576	298,067
Total pension liability - end of year	$ 369,558	$ 349,668	$ 332,576
Fiduciary net position			
Net plan to plan resource movement	$ -	$ (1)	$ -
Contributions from the employer	8,159	6,603	5,961
Contributions from employees	4,157	3,703	3,489
Net investment income	18,503	22,310	26,892
Benefit payments, including refunds of employee contributions	(15,487)	(14,227)	(12,618)
Administrative expense	(201)	(412)	(355)
Other miscellaneous income/(expense)	1	(782)	-
Net change in fiduciary net position	15,132	17,194	23,369
Fiduciary net position - beginning of year	281,331	264,137	240,768
Fiduciary net position - end of year	**$ 296,463**	**$ 281,331**	**$ 264,137**
Net pension liability	**$ 73,096**	**$ 68,337**	**$ 68,440**
Fiduciary net position as a percentage of the total pension liability	80.22%	80.46%	79.42%
Covered payroll	$ 61,004	$ 56,133	$ 49,777
Net pension liability as percentage of covered payroll	119.82%	121.74%	137.49%
Measurement date	6/30/2019	6/30/2018	6/30/2017

(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.

2017[2]	2016	2015 [1]
$ 7,020	$ 6,831	$ 7,062
21,338	20,157	-
-	(4,780)	-
(903)	(894)	18,965
(11,410)	(10,095)	(9,115)
16,044	11,219	16,912
282,023	270,804	253,892
$ 298,067	$ 282,023	$ 270,804
$ -	$ -	$ -
5,014	4,192	4,023
3,428	3,199	3,312
1,287	5,413	35,934
(11,410)	(10,095)	(9,115)
(148)	(273)	-
-	-	-
(1,829)	2,436	34,154
242,596	240,160	206,006
$ 240,767	**$ 242,596**	**$ 240,160**
$ 57,300	**$ 39,427**	**$ 30,644**
80.78%	86.02%	88.68%
$ 47,112	$ 47,169	$ 45,795
121.63%	83.59%	66.92%
6/30/2016	6/30/2015	6/30/2014

SCHEDULE OF PENSION CONTRIBUTIONS

(Amounts in thousands)	2020	2019	2018
Contractually required contribution (actuarially determined)	$ 9,633	$ 8,158	$ 6,603
Contributions in relation to the actuarially determined contributions	(9,633)	(8,158)	(6,603)
Contribution deficiency (excess)	**$ -**	**$ -**	**$ -**
Covered payroll	$ 64,498	$ 61,004	$ 56,133
Contributions as a percentage of covered payroll	14.94%	13.37%	11.76%

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

Methods and assumptions used to determine contributions:			
Actuarial Valuation Date.	6/30/2017	6/30/2016	6/30/2015
Actuarial Cost Method	Entry-Age Normal Cost Method		
Actuarial Assumptions			
Discount Rate	7.250%	7.375%	7.500%
Inflation	2.625%	2.750%	2.750%
Payroll Growth	2.875%	3.000%	3.000%
Projected Salary Increase	Varies by Entry-Age and Service		
Mortality	Rates Vary by Age, Type of Retirement and Gender		

2017	2016	2015 [1]
$ 5,943	$ 5,014	$ 4,192
(5,943)	(5,014)	(4,192)
$ -	**$ -**	**$ -**
$ 49,777	$ 47,112	$ 47,169
11.94%	10.64%	8.53%

6/30/2014	6/30/2013	6/30/2012
Entry-Age Normal Cost Method		
7.500%	7.500%	7.500%
2.750%	2.750%	2.750%
3.000%	3.000%	3.000%
Varies by Entry-Age and Service		
Rates Vary by Age, Type of Retirement and Gender		

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SUPPLEMENTARY INFORMATION

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SAN MATEO COUNTY TRANSIT DISTRICT

SCHEDULE OF REVENUES, EXPENSES, CAPITAL OUTLAY, AND LONG-TERM DEBT PAYMENT COMPARISON OF BUDGET TO ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2020

(Amounts in thousands)	Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES - Passenger fares	$15,264	$ 11,690	$ (3,574)
OPERATING EXPENSES:			
Salaries and benefits	81,055	77,952	3,103
Contract operations and maintenance services	43,906	39,625	4,281
Other services	12,156	10,750	1,406
Materials and supplies	8,654	7,448	1,206
Insurance	10,300	8,575	1,725
Miscellaneous	13,581	10,812	2,769
Total operating expenses	169,652	155,162	14,490
Operating loss	(154,388)	(143,472)	10,916
NONOPERATING REVENUES (EXPENSES):			
Operating assistance	204,207	206,031	1,824
Investment income	3,600	804	(2,796)
Interest expense	(9,380)	(6,399)	2,981
Caltrain service subsidy	(9,239)	(9,239)	-
Other income, net	14,258	13,970	(288)
Total nonoperating income (expenses)	203,446	205,167	1,721
Income (loss) before capital outlay and long-term debt principal payments	49,058	61,695	12,637
CAPITAL OUTLAY:			
Capital assistance	15,308	49,509	34,201
Capital expenditures	(15,308)	(49,509)	(34,201)
Net capital outlay	-	-	-
Long-term debt principal or interest payment	(10,060)	(10,060)	-
EXCESS (DEFICIENCY) OF REVENUES AND NONOPERATING INCOME OVER EXPENSES, CAPITAL OUTLAY AND DEBT PRINCIPAL PAYMENTS	**$ 38,998**	**$ 51,635**	**$ 12,637**

NOTES TO SUPPLEMANTARY SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

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		$ 51,635
Capital expenditures	$ 49,509	
Depreciation and amortization	(25,842)	
Postemployment benefits accrual	3,191	
Pension Expense - GASB 68	(8,678)	
Long-term debt principal payments	10,060	
GASB 31 unrealized gain/loss	3,012	
Capital gain (losses) on investment	269	
Bond refunding costs amortization expense	(1,098)	
Interest Income Invest Premium/Discount	361	
Bond premium amortization	2,996	
Sub-total reconciling items		33,781
Change in net position, GAAP basis		**$ 85,416**

Section III

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 Debt 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

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STATISTICAL SECTION

The Statistical Section of the District's CAFR 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.

FINANCIAL TRENDS – NET POSITION AND CHANGE IN NET POSITION
FISCAL YEARS 2011 THROUGH 2020 (in thousands)

Fiscal Year	2020	2019	2018[(3)]	2017
OPERATING REVENUES - Passenger Fares	$ 11,690	$ 15,567	$ 15,742	$ 17,041
OPERATING EXPENSES:				
Salaries and benefits	83,438	75,467	67,851	60,665
Contract operations and maintenance	39,625	40,507	35,694	34,621
Other services	10,750	9,770	9,312	8,856
Materials and supplies	7,448	7,604	7,300	6,588
Insurance	8,575	5,306	3,603	6,651
Miscellaneous	10,812	9,128	8,139	7,598
Total operating expenses	160,648	147,782	131,899	124,979
Operating loss before depreciation, amortization and administrative expenses capitalized	(148,958)	(132,215)	(116,157)	(107,938)
Depreciation and amortization	(25,842)	(21,492)	(23,078)	(22,252)
OPERATING LOSS	(174,800)	(153,707)	(139,235)	(130,190)
NONOPERATING REVENUES (EXPENSES):				
Operating assistance	206,031	160,416	144,802	135,910
Investment income	7,442	10,036	3,859	3,536
Interest expense	(7,497)	(10,954)	(11,145)	(11,249)
Caltrain service subsidy	(9,239)	(7,634)	(6,170)	(6,480)
Interagency administrative income	-	-	-	-
Other income, net	13,970	10,180	10,860	11,492
Transfers, net	-	-	-	-
Total nonoperating revenues, net	210,707	162,044	142,206	133,209
Net income (loss) before capital contributions	35,907	8,337	2,971	3,019
Capital contributions	49,509	8,789	10,970	25,424
CHANGE IN NET POSITION	85,416	17,126	13,941	28,443
Restatement	-	-	(23,400)	-
NET POSITION COMPONENTS				
Net investment in capital assets	184,402	156,626	165,481	171,022
Restricted	26,599	26,575	26,804	26,811
Unrestricted	(51,531)	(109,147)	(135,357)	(131,446)
NET POSITION	**$ 159,470**	**$ 74,054**	**$ 56,928**	**$ 66,387**

(1) 2012 restatement due to implementation of GASB 65.
(2) 2015 restatement due to implementation of GASB 68 and reversal of the BART contribution.
(3) 2018 restatement due to implementation of GASB 75.

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

Source: Current and prior years' CAFRs.

2016	2015[(2)]	2014	2013	2012[(1)]	2011
$ 18,078	$ 18,816	$ 18,557	$ 17,808	$ 17,452	$ 17,373
58,598	55,382	60,001	57,227	58,921	58,473
33,326	33,399	31,471	30,152	29,851	29,250
8,388	6,092	4,666	5,580	5,866	4,004
6,626	8,158	8,769	9,487	8,768	7,873
4,505	4,171	(2,094)	6,770	7,430	6,900
6,656	5,784	5,514	4,935	4,433	4,628
118,099	112,986	108,327	114,151	115,269	111,128
(100,021)	(94,170)	(89,770)	(96,343)	(97,817)	(93,755)
(21,550)	(16,860)	(27,184)	(26,939)	(24,297)	(41,838)
(121,571)	(111,030)	(116,954)	(123,282)	(122,114)	(135,593)
126,254	124,097	126,786	121,788	110,672	98,173
5,580	1,782	1,663	586	1,375	2,197
(11,226)	(9,896)	(15,559)	(16,400)	(16,247)	(16,940)
(6,080)	(6,260)	(5,440)	(14,000)	(10,620)	(14,708)
-	-	6,552	5,501	3,483	3,342
9,777	10,119	8,866	13,941	13,152	8,349
-	-	-	-	-	-
124,305	119,842	122,868	111,416	101,815	80,413
2,734	8,812	5,914	(11,866)	(20,299)	(55,180)
12,778	33,361	33,281	-	11,049	14,396
15,512	42,173	39,195	(11,866)	(9,250)	(40,784)
-	(153,202)	-	-	(3,557)	-
167,850	176,616	(20,964)	(34,446)	(23,448)	(18,519)
26,804	26,087	25,000	27,745	33,982	32,702
(156,710)	(180,271)	129,425	100,967	84,149	93,307
$ 37,944	**$ 22,432**	**$ 133,461**	**$ 94,266**	**$ 94,683**	**$ 107,490**

SAN MATEO COUNTY TRANSIT DISTRICT

REVENUE CAPACITY – REVENUE BASE AND REVENUE RATE
FISCAL YEARS 2011 THROUGH 2020

Fiscal Year Ending	2020	2019	2018	2017
Passenger fares (in thousands)	$ 11,690	$ 15,567	$ 15,742	$ 17,041
Revenue Base				
Number of passengers (in thousands)	8,788	10,671	11,133	11,817
Fare structure				
Adults local fare	$ 2.25	$ 2.25	$ 2.25	$ 2.25
Senior citizen/disabled/Medicare cardholder	$ 1.10	$ 1.10	$ 1.10	$ 1.10
Youth	$ 1.10	$ 1.10	$ 1.10	$ 1.10
Redi-Wheels (Paratransit)	$ 4.25	$ 4.25	$ 4.25	$ 3.75
Sales tax rate [2]	0.75%	0.50%	0.50%	0.50%
Sales tax revenue (in thousands)	$ 135,835	$ 100,729	$ 87,797	$ 84,353
Taxable sales in San Mateo County (in thousands) [1]	$ 18,111,348	$ 20,145,709	$ 17,559,383	$ 16,870,577

[1] 2020 taxable sales are estimates based on sales tax revenues received; 2019 taxable sales amount is the most current information available on the Couty of San Mateo CAFR

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

Source: California State Board of Equalization and CAFRs.

2016	2015	2014	2013	2012	2011
$ 18,078	$ 18,816	$ 18,557	$ 17,808	$ 17,452	$ 17,373
12,794	13,488	12,784	12,752	12,995	13,531
$ 2.25	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00
$ 1.10	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
$ 1.10	$ 1.25	$ 1.25	$ 1.25	$ 1.25	$ 1.25
$ 3.75	$ 3.75	$ 3.75	$ 3.75	$ 3.75	$ 3.50
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
$ 79,705	$ 80,975	$ 77,606	$ 73,859	$ 69,370	$ 63,514
$ 15,941,000	$ 16,194,800	$ 15,521,200	$ 14,771,800	$ 13,906,978	$ 13,020,643

SAN MATEO COUNTY TRANSIT DISTRICT

REVENUE CAPACITY – OVERLAPPING REVENUE
FISCAL YEARS 2011 THROUGH 2020

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	Total
2020	6.00%	1.25%	0.50%	0.50%	0.25%	0.00%	1.00% [12]	0.50%	0.50%	0.50%	0.25%	0.50%	11.75%
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% [11]	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% [10]		10.75%
2017	6.50% [6]	1.25%	0.50%	0.50%	0.25%	0.00%	0.50%	0.50%	0.50% [8]	0.50% [9]			11.00%
2016	6.50%	1.00%	0.50%	0.50%	0.25%	0.50%	0.50%	0.50% [7]					10.25%
2015	6.50%	1.00%	0.50%	0.50%	0.25%	0.50%	0.50%						9.75%
2014	6.50%	1.00%	0.50%	0.50%	0.25%	0.50%	0.50%						9.75%
2013	6.50% [3]	1.00%	0.50%	0.50%	0.25%	0.50% [4]	0.50% [5]						9.75%
2012	6.25%	1.00%	0.50%	0.50%	0.25%								8.50%
2011	6.25% [2]	1.00%	0.50%	0.50%	0.25%								8.50%

[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 reduced to 6.25% effective July 1, 2011.

[3] State sales tax increased to 6.50% effective January 1, 2013.

[4] City of Half Moon Bay Transactions and Use Tax (HMBG), tax rates effective on April 1, 2013, expires March 31, 2016.

[5] San Mateo County Transactions and Use Tax (SMGT), tax rates effective on April 1, 2013.

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

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

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

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

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

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

[12] Measure W, tax rates effective on July 1, 2019.

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

SOURCES:
https://www.cdtfa.ca.gov/taxes-and-fees/sales-use-tax-rates.htm
Go to District Taxes, Rates, and Effective Dates

REVENUE CAPACITY – PRINCIPAL REVENUE PAYERS
FISCAL YEARS 2019 AND 2010 (in thousands)

	FY2019			FY2010		
Major Industry Group	**Rank**	**Percent of Sales Receipts**	**Amount**	**Rank**	**Percent of Sales Receipts**	**Amount**
County & State Pool	1	20.8%	28,742,124	5	10.5%	12,175,579
General Consumer Goods	2	17.8%	24,513,327	1	23.6%	27,421,152
Autos And Transportation	3	15.9%	21,919,255	3	14.7%	17,049,367
Restaurants And Hotels	4	13.8%	18,980,596	4	12.3%	14,273,858
Business And Industry	5	10.9%	15,046,755	2	15.0%	17,429,585
Building And Construction	6	8.5%	11,692,098	7	8.3%	9,657,874
Fuel And Service Stations	7	7.2%	9,942,046	6	9.8%	11,417,449
Food And Drugs	8	5.0%	6,909,480	8	5.9%	6,910,020
Transfers & Unidentified	9	0.1%	187,539	9	0.0%	32,978
Total			**137,933,220**			**116,367,862**

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

DEBT CAPACITY – RATIO OF OUTSTANDING BONDS
FISCAL YEARS 2011 THROUGH 2020

Fiscal Year	Revenue Bonds for SamTrans (in thousands)[1]	Personal Income for San Mateo County (in millions)[2]		As a Percent of Personal Income
2020	$ 210,996	$ 95,598	*	0.22%
2019	224,052	92,814	*	0.24%
2018	239,243	90,111	*	0.27%
2017	254,291	87,486		0.29%
2016	269,235	82,046		0.33%
2015	284,128	78,607		0.36%
2014	290,353	71,111		0.41%
2013	300,357	65,656		0.46%
2012	306,802	64,765		0.47%
2011	315,409	57,965		0.54%

[1] Current and prior years' CAFRs.

[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 2018, 2019, and 2020 is based on an estimated three percent annual increase over 2017.

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

DEBT CAPACITY – BONDED DEBT
FISCAL YEARS 2011 THROUGH 2020

Fiscal Year	Revenue Bonds for SamTrans (in thousands)	Total Taxable Sales in San Mateo County	As a Percent of Total Taxable Sales in San Mateo County
2020	$ 210,996	$ 18,111,348 [1]	1.16%
2019	224,052	20,145,709	1.11%
2018	239,243	17,559,383	1.36%
2017	254,291	16,870,577	1.51%
2016	269,235	15,941,000	1.69%
2015	284,128	16,194,800	1.75%
2014	290,353	15,521,200	1.87%
2013	300,357	14,771,800	2.03%
2012	306,802	13,906,978	2.21%
2011	315,409	13,020,643	2.42%

[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: CAFRs and California Department of Tax and Fee Administration.

DEBT CAPACITY – DIRECT AND OVERLAPPING DEBT AND DEBT LIMITATIONS
JUNE 30, 2020

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

DEBT CAPACITY – PLEDGED REVENUE COVERAGE
FISCAL YEARS 2011 THROUGH 2020 (in thousands)

Fiscal Year	Sales Tax Revenue	Principal *	Interest *	Total	Coverage
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
2014	77,606	9,655	14,799	24,454	3.17
2013	73,859	9,233	15,220	24,453	3.02
2012	69,370	8,770	15,680	24,450	2.84
2011	63,514	8,370	16,082	24,452	2.60

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 oustanding 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 Fianncial Statements in the Financial Section of this CAFR provides further details.

Source: Current and prior years' CAFRs.

SAN MATEO COUNTY TRANSIT DISTRICT

DEMOGRAPHICS AND ECONOMIC INFORMATION – POPULATION, INCOME AND UNEMPLOYMENT RATES
FISCAL YEARS 2011 THOUGH 2020

Year	Population [1]	Total Personal Income (in millions) [2]	Per Capita Personal Income [2]	Average Unemployment Rates [3]
2020	773,244	$ 95,598 *	$ 123,926 *	10.8%
2019	774,485	92,814 *	120,317 *	2.2%
2018	772,372	90,111 *	116,812 *	2.5%
2017	770,256	87,486	113,410	2.9%
2016	765,895	82,046	106,615	3.3%
2015	759,155	78,607	102,516	3.3%
2014	758,581	71,111	93,672	4.2%
2013	750,489	65,656	87,501	5.7%
2012	740,738	64,765	87,523	7.0%
2011	729,425	57,965	79,465	8.3%

[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.

*Personal Income and Per Capital Personal Income data for 2018, 2019, and 2020 is based on an estimated three percent annual increase over 2017. Source data for table is FY19 San Mateo County CAFR

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 FY2019 CAFR

DEMOGRAPHICS AND ECONOMIC INFORMATION – PRINCIPAL EMPLOYERS FISCAL YEARS 2018 AND 2010

		2018*			2010		
Employers in San Mateo County	Business Type	Number of Employees	Rank	Percent of Total County Employment	Number of Employees	Rank	Percent of Total County Employment
Facebook Inc.	Social Network	14,000	1	3.13%			
Genentech Inc.	Biotechnology	9,500	2	2.12%	8,800	1	2.57%
Oracle Corp.	Hardware and Software	7,535	3	1.68%	5,600	3	1.64%
County of San Mateo	Government	5,570	4	1.25%	6,079	2	1.78%
Gilead Sciences Inc	Biotechnology	4,000	5	0.89%			
Walmart Labs	Retail Technology	2,000	6	0.45%			
YouTube	Online Video-Streaming Platform	2,000	7	0.45%			
Robert Half International Inc.	Personnel Services	1,668	8	0.37%			
Sony Interactive Entertainment	Interactive Entertainment	1,602	9	0.36%			
Electronic Arts Inc.	Interactive Entertainment	1,520	10	0.34%			
Kaiser Permanente	Health Care				3,777	4	1.10%
Mills-Peninsula Health Services	Health Care				2,500	5	0.73%
Visa Inc	Global Payments Technology				2,462	6	0.72%
Safeway Inc	Retail Grocer				2,075	7	0.61%
San Mateo Community College District	Public Education				1,951	8	0.57%
SLAC National Accelerator Laboratory	Scientific Research				1,764	9	0.52%
Seton Medical Center	Hospital				1,672	10	0.49%
Total		49,395		11.04%	36,680		10.73%

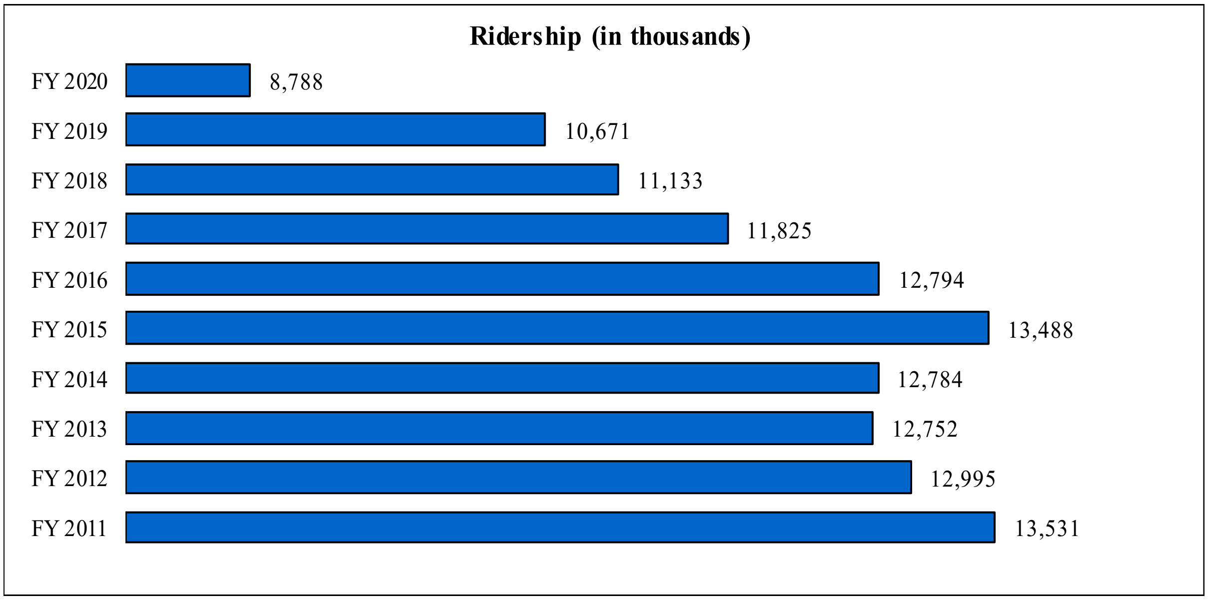
* The latest information available for principal employers in the County.

This table presents the top 10 principal employers in San Mateo County for 2018 and 2010.

Source: San Francisco Business Times - 2019 Book of Lists; California Employment Development Department (provided by San Mateo County Controller's office) from the FY2019 County of San Mateo CAFR

OPERATING INFORMATION – RIDERSHIP AND FARES
FISCAL YEARS 2011 THROUGH 2020

FIXED-ROUTE RIDERSHIP



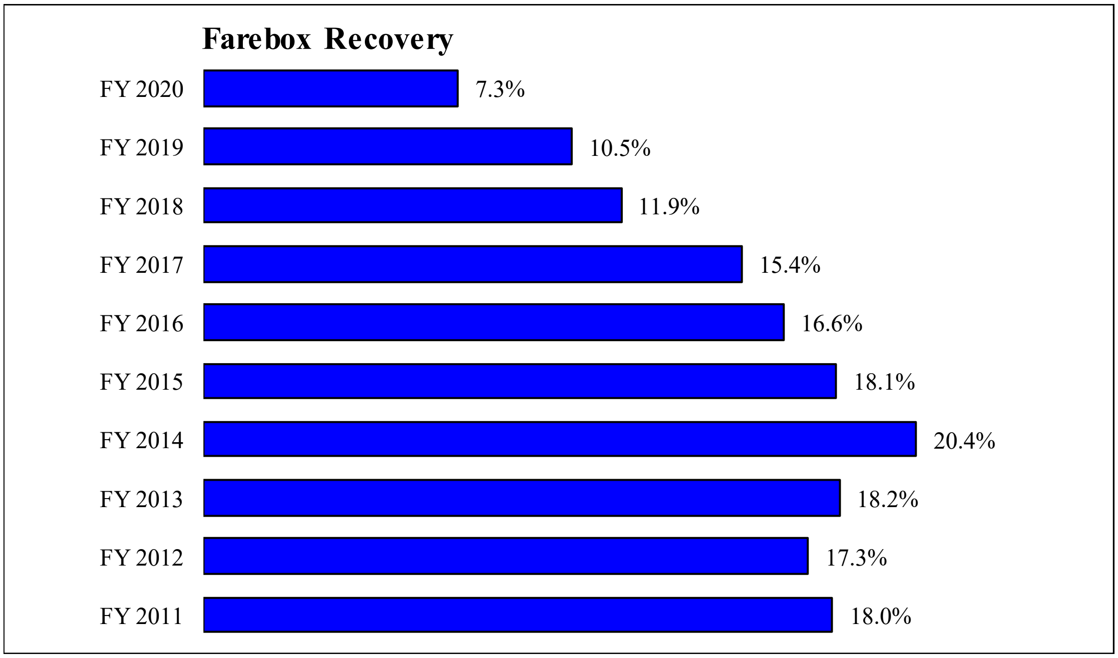
Ridership data presents total ridership for motor bus service and shuttle service.

FIXED-ROUTE PASSENGER FARES

Bus passenger fares data presents the total bus fare revenue for each year.
Source: National Transportation Database

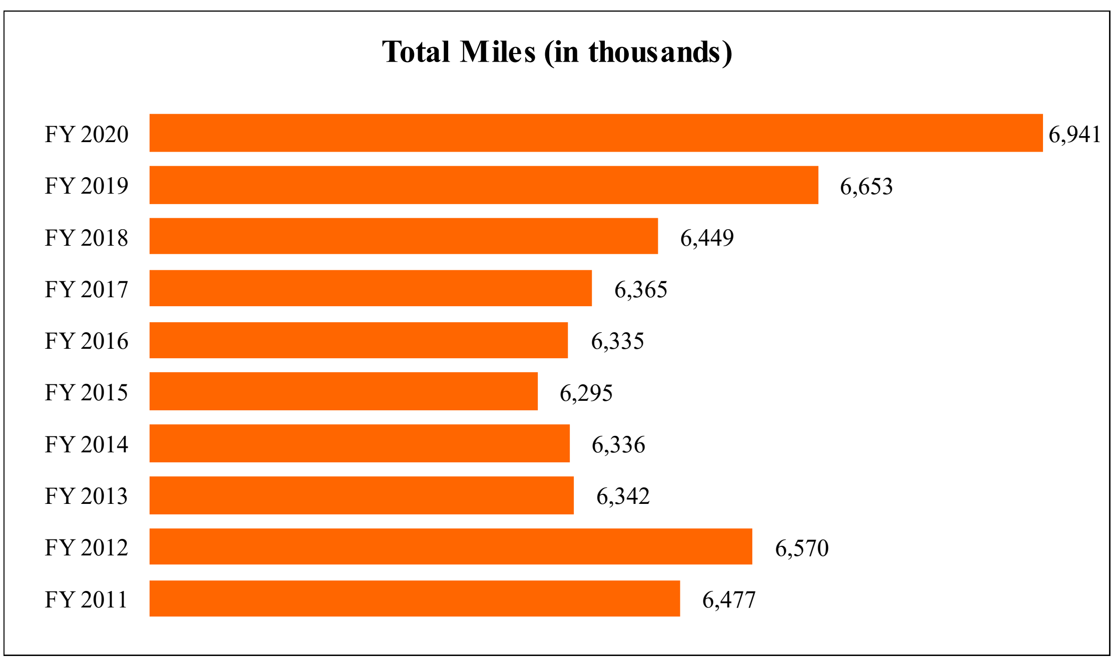
OPERATING INFORMATION – FAREBOX RECOVERY AND MILES
FISCAL YEARS 2011 THROUGH 2020

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

OPERATING INFORMATION – EMPLOYEES (FULL-TIME EQUIVALENTS)
FISCAL YEARS 2011 THROUGH 2020

	Full-Time Equivalents									
Division	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
Caltrain Modernization Program	-	-	-	0.10	0.05	0.05	0.05	0.48	-	-
Customer Service and Marketing	29.15	34.36	31.39	28.46	23.95	25.34	28.22	30.31	29.56	24.43
Executive	3.5	3.59	3.99	5.12	3.6	3.67	3.55	3.58	3.52	3.60
Finance and Administration	95.64	83.07	82.39	79.02	64.12	68.50	66.72	66.53	66.51	66.83
Operations, Engineering, and Construction	506.65	472.9	465.40	471.88	453.82	454.27	457.54	449.27	448.83	451.77
Planning and Development	6.86	6.46	8.71	7.66	5.63	8.20	7.80	5.03	6.64	6.04
Public Affairs	0	0	-	-	5.15	5.00	5.00	4.60	4.44	4.20
Total	641.80	600.38	591.88	592.24	556.32	565.03	568.88	559.80	559.50	556.87

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.

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OPERATING INFORMATION – CAPITAL ASSETS
FISCAL YEARS 2011 THROUGH 2020 (in thousands)

	2020	2019	2018	2017
Depreciable Capital Assets				
Buses and bus equipment	$ 220,442	$ 176,969	$ 164,038	$ 157,353
Buildings and building improvements	72,961	73,303	70,212	69,031
Maintenance and other equipment	29,685	27,546	34,982	33,642
Furniture and fixtures	29,989	33,295	35,240	33,861
Shelters and bus stop signs	10,393	10,372	592	592
Other vehicles	2,518	2,467	2,496	2,273
Total depreciable capital assets	365,988	323,952	307,560	296,752
Accumulated Depreciation for:				
Buses and bus equipment	(111,955)	(101,560)	(91,889)	(102,607)
Buildings and building improvements	(62,286)	(61,334)	(58,874)	(56,630)
Maintenance and other equipment	(35,282)	(33,402)	(16,810)	(16,770)
Furniture and fixtures	(29,946)	(27,008)	(35,036)	(24,619)
Shelters and bus stop signs	(2,842)	(1,296)	(590)	(585)
Other vehicles	(1,817)	(1,768)	(1,923)	(1,798)
Total accumulated depreciation	(244,128)	(226,368)	(205,122)	(203,009)
Nondepreciable Capital Assets				
Land	56,915	53,855	53,855	53,855
Construction in progress	5,627	5,187	9,188	23,424
Total nondepreciable capital assets	62,542	59,042	63,043	77,279
Capital Assets, Net	**$ 184,402**	**$ 156,626**	**$ 165,481**	**$ 171,022**

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

Source: Current and prior years' CAFRs.

2016	2015	2014	2013	2012	2011
$ 153,955	$ 167,272	$ 149,751	$ 135,297	$ 138,638	$ 132,855
64,868	64,838	64,815	71,935	79,294	78,844
32,063	6,523	5,822	9,470	16,927	15,542
31,734	19,656	20,272	23,584	26,686	25,927
592	592	579	3,178	3,190	3,185
2,159	2,159	2,226	2,183	2,263	2,031
285,371	261,040	243,465	245,647	266,998	258,384
(93,847)	(97,574)	(86,157)	(80,138)	(75,080)	(68,406)
(53,812)	(51,601)	(49,387)	(55,168)	(61,157)	(58,006)
(10,599)	(4,715)	(4,015)	(7,740)	(15,035)	(13,258)
(20,782)	(17,241)	(16,765)	(17,083)	(20,094)	(17,768)
(580)	(575)	(558)	(3,177)	(3,183)	(3,176)
(1,990)	(1,876)	(1,711)	(1,457)	(1,417)	(1,245)
(181,610)	(173,582)	(158,593)	(164,763)	(175,966)	(161,859)
53,855	53,855	53,855	53,855	53,855	53,855
10,234	35,303	21,323	11,563	10,201	9,805
64,089	89,158	75,178	65,418	64,056	63,660
$ 167,850	**$ 176,616**	**$ 160,050**	**$ 146,302**	**$ 155,088**	**$ 160,185**