

# San Mateo County Transportation Authority San Carlos, California



## ***Comprehensive Annual Financial Report***

**Fiscal Year Ended June 30, 2009**





**SAN MATEO COUNTY**  
***Transportation  
Authority***

**San Carlos, California**

***Comprehensive Annual Financial Report***

**Fiscal Year Ended June 30, 2009**

**Prepared by the Finance Division**

This page intentionally left blank.

# Table of Contents

	Page
<b>I. INTRODUCTORY SECTION</b>	
Letter of Transmittal.....	i
GFOA Certificate of Achievement.....	x
Board of Directors .....	xi
Executive Management .....	xiii
Organization Chart .....	xiv
Map.....	xv
Table of Credits .....	xvi
<b>II. FINANCIAL SECTION</b>	
<b>INDEPENDENT AUDITOR’S REPORT .....</b>	<b>1</b>
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS .....</b>	<b>3</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>Government-wide Financial Statements:</b>	
Statements of Net Assets - June 30, 2009 (with comparative data as of June 30, 2008) .....	12
Statements of Activities - For the Year Ended June 30, 2009 (with comparative data for the Year Ended June 30, 2008).....	13
<b>Fund Financial Statements:</b>	
Governmental Funds – Balance Sheet - June 30, 2009 (with comparative data as of June 30, 2008).....	14
Reconciliation of the Governmental Funds Balance Sheet to the Statements of Net Assets - June 30, 2009 and 2008.....	15
Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances - For the Year Ended June 30, 2009 (with comparative data for the Year Ended June 30, 2008).....	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-wide Statement of Activities - For the Years Ended June 30, 2009 and 2008.....	17
<b>Notes to the Basic Financial Statements.....</b>	<b>18</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Special Revenue Fund – Budgetary Comparison Schedule – For the Year Ended June 30, 2009.....	35
Notes to Required Supplementary Schedule – Year Ended June 30, 2009.....	36

# Table of Contents

---

---

	<b>Page</b>
<b>OTHER SUPPLEMENTAL INFORMATION</b>	
Non-major Governmental Funds - Combining Balance Sheet – June 30, 2009 (with comparative data as of June 30, 2008) .....	37
Non-major Governmental Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balances - For the Year Ended June 30, 2009 (with comparative data for the Year Ended June 30, 2008) .....	38
Debt Service Fund - Budgetary Comparison Schedule – For the Year Ended June 30, 2009 .....	39
Non-major Governmental Funds – Paratransit Special Revenue Fund - Budgetary Comparison Schedule - For the Year Ended June 30, 2009 .....	40
Non-major Governmental Funds – Transportation Systems Management Fund - Budgetary Comparison Schedule – For the Year Ended June 30, 2009.....	41
 <b>III. STATISTICAL SECTION</b>	
Financial Trends .....	42
Revenue Capacity .....	45
Debt Capacity .....	47
Demographics and Economic Information.....	51
Operating Information .....	54
 <b>IV. INTERNAL CONTROL AND COMPLIANCE SECTION</b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	57

# *Section I*

---

---

## **INTRODUCTORY**

**Letter of Transmittal**

**GFOA Certificate of Achievement**

**Board of Directors**

**Executive Management**

**Organization Chart**

**Map**

**Table of Credits**

This page intentionally left blank.





**November 30, 2009**

**To the Executive Director, Board of Directors of the San Mateo County  
Transportation Authority, and the Citizens of San Mateo County**

**Comprehensive Annual Financial Report  
Year Ended June 30, 2009**

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the San Mateo County Transportation Authority (TA) for fiscal year July 1, 2008 through June 30, 2009. This transmittal letter provides a summary of the TA'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 TA's financial results may refer to the Management's Discussion and Analysis in the Financial Section.

Management assumes sole responsibility for the information contained in this report, including its presentation and the adequacy of its disclosures. To the best of our knowledge, this report is 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 TA's assets from loss, to identify and record transactions accurately and to 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 TA'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 TA contracted for independent auditing services from Vavrinek, Trine, Day & Company, LLP, a certified public accounting firm licensed to practice in the State of California. The auditor expressed an opinion that the TA's financial statements are fairly stated 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 "unqualified" or "clean" opinion.

## **PROFILE OF THE ORGANIZATION**

### ***Purpose***

The voters of San Mateo County approved the creation of the TA pursuant to the Bay Area County Traffic and Transportation Funding Act in June 1988. This Measure A vote funded the TA with an annual one-half cent county sales tax levy and charged the TA with delivering a broad spectrum of transportation projects and programs pursuant to a Transportation Expenditure Plan over a period of 20 years. In November 2004, the voters reauthorized the TA and its publicly developed expenditure plan for an additional 25 years beyond the original expiration date of 2008. Whenever possible, the TA also seeks to attract state, federal and local funds by matching grant funds with Measure A dollars. These efforts have led to effective partnerships with city, county, state and federal agencies for designing and completing projects. Thus, the TA will continue to fund vital transportation improvements to the benefit of San Mateo County citizens through 2033.

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
NOVEMBER 30, 2009**

---

Interested readers may view the 1988 or the 2004 Measure A Transportation Expenditure Plan online at [http://www.smcta.com/Expenditure\\_Plan/information.asp](http://www.smcta.com/Expenditure_Plan/information.asp) or by contacting:

Director, Transportation Authority Program  
San Mateo County Transportation Authority  
1250 San Carlos Ave.  
San Carlos, California 94070-1306

***Entity***

The TA is a legally separate and financially independent governmental agency that is not a component unit of the County of San Mateo, the San Mateo County Transit District (District) or any other entity. Therefore, this CAFR and the financial statements contained within represent solely the activities, transactions and status of the TA.

***Governance***

A seven-member Board of Directors governs the TA with input from a 15-member Citizens Advisory Committee. The Board members are selected as follows:

- The publicly elected County Board of Supervisors appoints two of its members to serve on the Board.
- Local governments participate in a Cities Selection Committee to appoint four Board members, one each to represent the interests of North County, Central County, South County and the cities-at-large.
- The District appoints one Board member.

The Board of Directors meets once a month to determine overall policy for the TA and to review the progress of the Transportation Expenditure Plan, which organizes projects into the following six programs:

1. Transit
2. Highways
3. Local Streets/Transportation
4. Grade Separations
5. Pedestrian and Bicycle
6. Alternative Congestion Relief Programs

***Administration***

The District provides administrative and staff services under the direction and oversight of the TA Board of Directors. District staff manages the funds collected through the one-half cent county sales tax and delivers projects per the Transportation Expenditure Plan. The TA reimburses the District for the cost of its direct services charged to the TA cost centers and also for indirect charges pursuant to overhead rates approved by the U.S. Department of Transportation. Currently, District divisions and departments provide a complete and responsive team for all the TA activities as follows:

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

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

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
NOVEMBER 30, 2009**

---

The *Operations, Engineering and Construction Division* is responsible for SamTrans bus service, Caltrain rail service, employer and other shuttles, paratransit service pursuant to the requirements of the Americans with Disabilities Act (ADA), service planning, quality assurance, capital project engineering and construction.

The *Office of Customer Service and Marketing* is responsible for customer service, marketing, advertising and distribution services.

The *Office of Peninsula Rail* is responsible for working in conjunction with the High Speed Rail Authority to implement the Peninsula Rail Program along the Caltrain corridor.

The *Office of Planning and Development* is responsible for oversight of the Transportation Expenditure Plan, strategic planning and performance and property management.

The *Office of Public Affairs* is responsible for public information, media relations, legislative activities and community outreach.

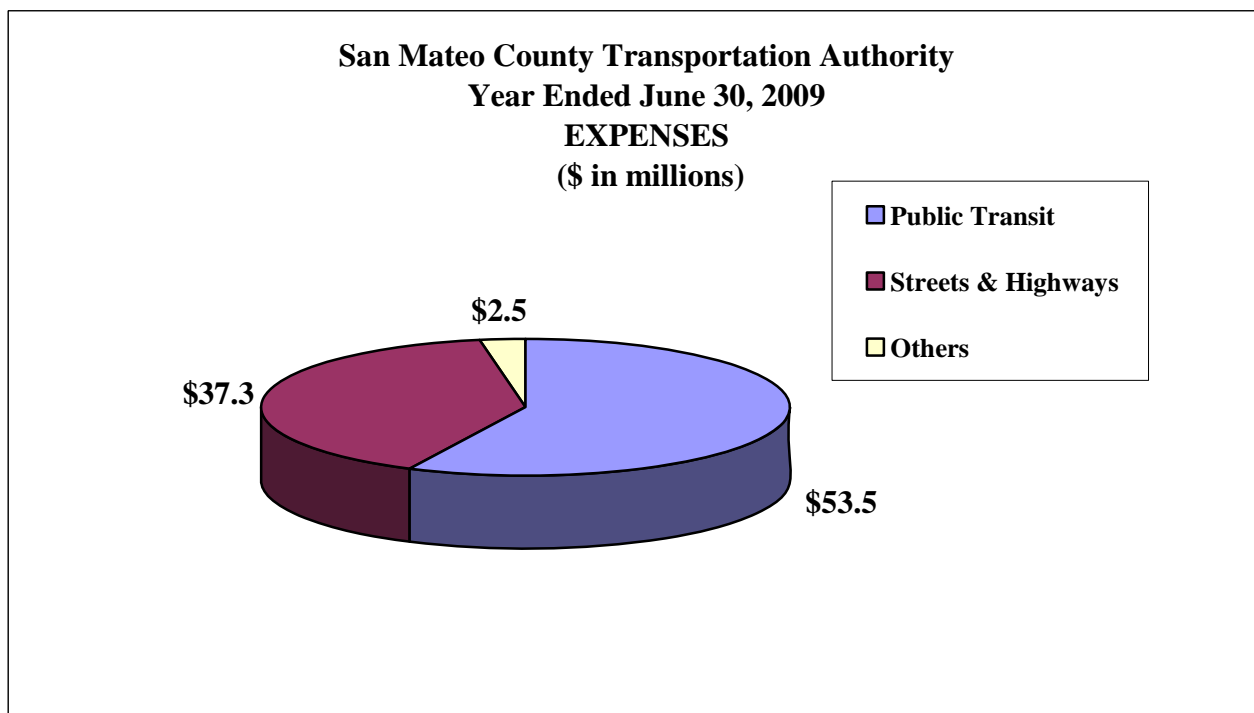
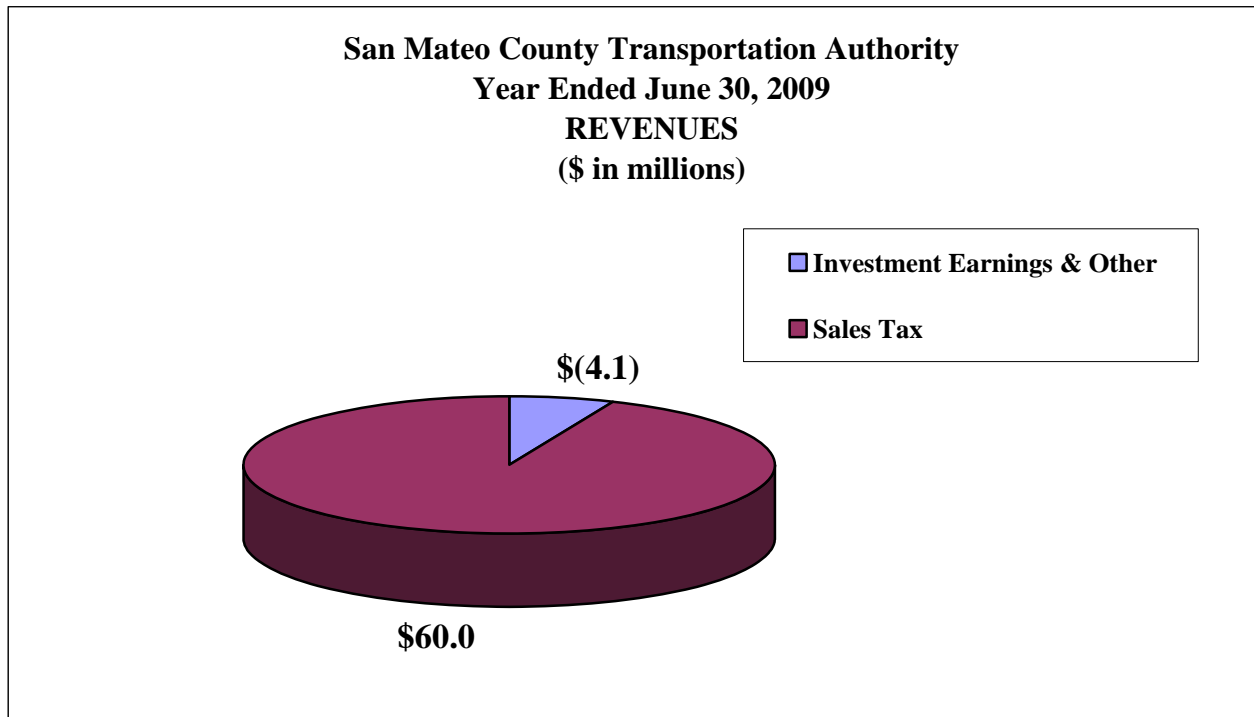
### ***Budgetary Control***

State law requires the TA to adopt an annual budget by resolution of the Board of Directors. In the spring preceding the start of each fiscal year, staff presents an annual budget for all of its governmental funds 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 where 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 supplemental schedules that compare actual results on a budgetary basis of accounting to the original and 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 TA maintains more stringent control at division, departmental and line item levels to serve various needs. Cost center managers monitor budget-to-actual performance monthly on an accrual basis. The Board has delegated the authority to transfer budget amounts between divisions and departments to the Executive Director or his designee. However, any increase to the expenditure budget as a whole requires the approval of the Board. In addition, the TA uses the encumbrance system to reduce budget balances by issuing purchase orders to avoid over-commitment of resources.

The TA employs the same basis and principles for both budgeted and actual revenues and expenditures, except that actual proceeds from the sale of fixed assets, unrealized investment gains and losses and inter-fund transfers are not included in the budget. The pie charts on the next page show actual results for the major revenue and expense categories of Fiscal Year 2009. Pursuant to procedures established in its enabling legislation, the TA establishes an appropriation limit for each annual budget cycle. The appropriation limit for FY 2009 was \$504.6 million and the limit for FY 2010 is \$513.9 million.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 NOVEMBER 30, 2009**



---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
NOVEMBER 30, 2009**

---

**STRATEGIC PLANNING**

Significant strides have been made with the original Measure A program. Most notably, Measure A revenues contributed to the Caltrain right of way purchase in 1991 and towards the purchase of the Dumbarton rail corridor. This proved to be one of the most forward thinking long-term strategies for preserving transportation infrastructure, as today, right of way purchases are extremely difficult and expensive to secure. Measure A also provided funding for Caltrain operational improvements such as the construction of passing tracks and new signal and control systems to improve service reliability, as well as station and parking improvements in various cities within San Mateo County. To improve safety and reduce local traffic congestion, Measure A funds were allocated for the construction of nine grade separation projects of which five have been completed. Additional project expenditures funded highway improvements to improve safety and reduce freeway congestion including auxiliary lanes and other improvements throughout the Highway 101 corridor and Highway 92 improvements. On the local level, Measure A funds were passed to cities and the county for streets and road improvements. Investments have also been made to fund local shuttles, paratransit, and bicycle route planning. As of June 30, 2009, the TA had spent 67 percent of total estimated sales tax revenues and other earnings on San Mateo County transportation improvements. Delivery of original Measure A funded projects continues beyond the expiration of the original Measure A Program on December 31, 2008, in keeping with the commitment to the voters who approved the original Measure A Program.

The reauthorization of Measure A with a new Transportation Expenditure Plan was approved by the San Mateo County Supervisors and placed before county voters in the November 2004 regular election. Voters passed the reauthorization measure by a resounding 75.3 percent majority, extending the TA's mission through 2033. The implementation guidelines in the new Transportation Expenditure Plan required that the TA prepare a strategic plan by December 31, 2008, which readers can view online at [www.smcta.com](http://www.smcta.com). The new Strategic Plan was brought before the Board of Directors and adopted December 4, 2008. The Strategic Plan is intended to establish a framework of policies to guide the decision-making process of prioritizing transportation projects and programs consistent with the goals and objectives of the Countywide Transportation Plan and the new Transportation Expenditure Plan. The Strategic Plan is anchored to the 2004 Transportation Expenditure Plan which was developed with public input. Building on the outreach involved with the conception of the Measure A Program and generation of the 2004 Transportation Expenditure Plan, the development of the Strategic Plan included direction from policy-makers and input from technical experts, community leaders and the public-at-large. TA staff made a special effort to solicit input from the public to develop two key components of the strategic plan: criteria for project evaluation and prioritization, and monitoring programs and performance measures that would be used to ensure efficient use of Measure A money.

**CURRENT PROGRAMS**

***Public Transit Programs***

Measure A funds and contributions from the District support the county's share of the Peninsula Corridor Joint Powers Board (JPB). The JPB provides public transit services via its Caltrain railroad over a 77-mile right of way extending from San Francisco in the north to Gilroy in the south. Projects funded include new construction and improvements and studies for the following:

- Railway and trackage
- Maintenance facility
- Passenger stations
- Parking facilities

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
NOVEMBER 30, 2009**

---

- Grade crossings and separations
- Safety improvements
- Signal and communications upgrades

Notable projects supporting the JPB during FY 2009 include:

- Reconstruction of the Burlingame station
- Preliminary engineering work for the San Francisco Downtown extension
- Provision of local match requirements for federally funded capital construction grants
- Design and construction of system-wide State of Good Repair Projects
- Design and construction of the San Mateo County Local Safety and Access Improvements Program
- Construction of railroad crossing safety improvements in San Bruno and South San Francisco
- Design of South San Francisco station improvements
- Design of San Bruno Grade Separation Project
- Design of San Mateo Bridges Retrofit Project
- Preliminary engineering and environmental studies for the Dumbarton Rail Corridor Project

***Street and Highway Improvements Program***

Measure A funds support new construction, improvements and studies for a wide range of street and highway projects. The following are some types of projects undertaken:

- Roadway widening
- Interchange reconstruction
- Highway ramp modification
- Travel pattern forecasts
- Travel time information system

Notable street and highway projects during FY 2009 include:

- Construction of auxiliary lanes from Third Avenue in San Mateo to Millbrae Avenue in Millbrae
- Reconstruction of the Peninsula Avenue Interchange on the San Mateo/Burlingame border
- Design of the Marsh Road to the San Mateo/Santa Clara County Auxiliary Lane Project
- Construction on the Route 92 Improvement Project and State Route 1 in Half Moon Bay
- Preliminary engineering and environmental studies for Route 1 Improvement Project, Fassler Avenue to Westport Drive in Pacifica
- Operational analysis for Willow Road interchange
- Preliminary engineering and environmental studies for the 101/Broadway Interchange Project
- Design for the Smart Corridor Project

***Paratransit Programs***

The TA established a \$25.0 million principal amount in a Paratransit Permanent Fund and dedicated the investment earnings from this fund to the paratransit programs offered by the District. The Permanent Fund made its first contribution to these programs in 1990. The management and oversight of this fund became the responsibility of the District in January 2009 per the 1988 Transportation Expenditure Plan.

The District operates its Redi-Wheels and RediCoast programs pursuant to the ADA on behalf of public transit customers with disabilities. The District has certified more than 6,900 county residents as eligible for paratransit services and certifies approximately 144 new applicants each month. Service is available 365 days a year from 5:30 a.m. to midnight and 24-hour service is available in certain areas. Since inception, these programs have provided more than 3.4 million paratransit trips for persons with disabilities.

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
NOVEMBER 30, 2009**

---

Earnings from the permanent fund also provided for new vehicles, programs training customers to use fixed-route service where feasible and other improvements to service delivery. The TA and the District will continue to commit Paratransit Permanent Fund earnings to the enhancement of paratransit programs in San Mateo County.

***Transportation Systems Management Programs***

The TA funds transportation systems management (TSM) programs aimed at reducing vehicular traffic on congested freeways and busy city streets. These customized programs target both infrastructure problems and personal driving habits. TSM programs have an incremental but discernible impact on reducing traffic congestion and improving air quality in San Mateo County and the San Francisco Bay region.

For the past ten years, the TA has provided the majority of its TSM funding to the Peninsula Traffic Congestion Relief Alliance, which serves 15 cities. The Alliance concentrates on four primary activities:

- 1) Outreach to employers in San Mateo County
- 2) Organizing vanpools and carpools
- 3) Outreach to new commercial developments
- 4) Organizing and managing shuttles to and from Caltrain stations

Other programs and projects include bike locker subsidies, transit incentives, interconnecting traffic signals, transit passes and guaranteed-ride home programs.

***Bicycle Programs***

The TA provided funds to the Bicycle Advisory Committee to print San Mateo County bicycle maps. These funds, which were a multi-year commitment, represented about one-fifth of the total allocated toward bicycle projects during the initial 20-year life of Measure A. The TA also provided funds to create a plan for a multi-purpose trail as part of the Bay Trail System in San Mateo County.

***Local Programs***

The original Measure A required the TA to earmark 20 percent of its sales tax revenue to local cities and San Mateo County for various transportation-related improvements according to a formula based on population and number of road-miles. The new Measure A requires the TA to earmark 22.5 percent for this purpose. During FY 2009, local agencies received \$6.6 million from the original Measure A, bringing the total local aid since the inception of the original Measure A to \$203.3 million. Local agencies also received \$6.0 million from the new Measure A in FY 2009. The recipients of these funds principally use them for street and road projects.

**FACTORS AFFECTING FINANCIAL CONDITION**

***Local Economy***

The economy in San Mateo County is feeling the effects of the deepened recession. The TA's sales tax receipts, after steadily increasing from 2004 through 2008 surpassing record high levels, dropped significantly by 12.6 percent in 2009. Recovery from this recession is likely to begin in late 2010 however it is expected to move very slowly. Some positive indicators include a recent consumer confidence survey in the state of California which shows that consumers are somewhat less pessimistic about the economy,

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
NOVEMBER 30, 2009**

---

monthly job losses have declined over the last couple of months and the housing market has shown signs of stabilizing as mortgage rates are down making housing more affordable.

Even in this recession, San Mateo County remains one of the wealthiest counties in California. With significant employment in diverse industries, San Mateo County is not dependent on any one employment sector for its prosperity. This broad base will help to ensure long-term stability for San Mateo County residents. The successful public vote in November 2004 reauthorizing the TA's mission for an additional 25 years underscored citizen's confidence in the positive impact the TA's projects have made on countywide mobility over the last 20 years.

***Cash Management***

The Board of Directors has adopted an investment policy as allowed by California Government Code. This policy emphasizes safety and liquidity over return on investment. Within these parameters, the TA pursues a prudent cash management and investment program to achieve maximum return on available funds. The TA's policy is to hold securities to maturity to avoid losses from a potential sale but will sell securities prior to maturity when prudent to do so. All of the TA's unrestricted cash and investments as of June 30, 2009 were on deposit with either the Bank of America, the Bank of New York, the San Mateo County Treasurer's investment pool or with the California State Treasurer's Local Agency Investment Fund (LAIF). All deposits are insured by the Federal Depository Insurance Corporation (FDIC) or covered by collateral.

***Risk Management***

The TA is not exposed to significant levels of risk, as its primary function is to receive and allocate one-half cent county sales tax to various state and local agencies for constructing projects funded by the TA. These agencies indemnify the TA against all claims, both of commission and omission. During the audit period, the TA and its administrative entity, the District, had an aggregate insurance coverage of \$100 million.

***Pension and other post-employment benefits***

Since the District provides staff services in support of the TA's mission, the persons supporting the TA are legally District employees, so the TA has no retirement or post-employment benefits obligations of its own but shares proportionately in the District's costs.

**AWARDS AND ACKNOWLEDGMENTS**

The staff and contracted firms of the TA bring an effective combination of skill, experience and dedication to carrying out the TA'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. Although we have concerns about the current prolonged recession, the TA expects the continued zeal and dedication of its transit professionals to meet the transportation challenges of the future.

The Government Finance Officers Association (GFOA) recognized the TA's 2008 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 2009 CAFR also meets the requirements for a Certificate of Achievement and have submitted it to the GFOA for evaluation. We would like to thank our independent audit firm, Vavrinek, Trine, Day and Company, LLP, for its timely and expert guidance in this matter.



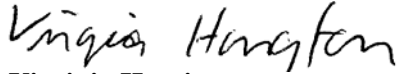
---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
NOVEMBER 30, 2009**

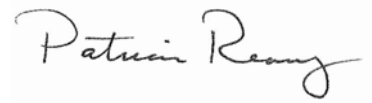
---

A comprehensive annual financial report 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 Executive Director and the Board of Directors for their interest and support in the development and maintenance of a reliable financial management and reporting system.

Respectfully submitted,



**Virginia Harrington**  
Deputy CEO



**Patricia Reavey**  
Director of Finance

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**San Mateo County  
Transportation Authority  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

**BOARD OF DIRECTORS**

**ROSANNE FOUST, CHAIR**

**ROSALIE O'MAHONY, VICE CHAIR**

**RICH GORDON**

**CAROLE GROOM**

**JOHN LEE**

**KARYL MATSUMOTO**

**JIM VREELAND**

**ROSANNE FOUST** was elected to the TA in 2005 representing South County and is currently serving as chair. She has served as a council member for Redwood City since November 2003. She is the vice president of the San Mateo County Economic Development Association.

**ROSALIE O'MAHONY** was elected to the TA in 2006 representing the Central County. Director O'Mahony was first elected to the Burlingame City Council in 1989. She is a professor of Mathematics at the College of San Mateo, where she has been teaching since 1965. She holds a PhD from the University of Southern California.

**CAROLE GROOM** was appointed to the TA in 2009 representing the Board of Supervisors. She was sworn in to the San Mateo County Board of Supervisors on January 6, 2009, after being appointed to fill the vacancy created by former Supervisor Jerry Hill's election to the state Assembly. Prior to joining the Board of Supervisors, she served nine years on the San Mateo City Council. Her professional experience includes 18 years as a Vice President of Mills-Peninsula Health Services.

**RICH GORDON** was appointed to the TA in 1999 representing the Board of Supervisors. He has served as a member of the San Mateo County Board of Supervisors since 1997. Prior to his election to the Board of Supervisors, Supervisor Gordon was a member of the county Board of Education, to which he was elected in 1992 and re-elected in 1996. He is a third-generation Californian, having been born and raised in San Mateo County.

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
NOVEMBER 30, 2009**

---

**JOHN LEE** was elected to the TA in 2000 representing Cities-at-Large. He is a member of the San Mateo City Council. Director Lee served in the United States Marine Corps for 22 years, seeing active duty in Korea and Vietnam, and retiring with the rank of captain. Director Lee is one of the founders of Telogy, Inc. a high technology electronics company in Union City.

**KARYL MATSUMOTO** was elected to the TA in 2008. Director Matsumoto was elected to the South San Francisco City Council in 1997. She is currently mayor pro tem. She is a native Californian and has lived in South San Francisco for 26 years.

**JIM VREELAND** was elected to the TA in 2008. He has served on the Pacifica City Council for more than 10 years. Mr. Vreeland works for the Environmental Protection Agency in San Francisco.

## **EXECUTIVE MANAGEMENT**

### **EXECUTIVE DIRECTOR**

Michael J. Scanlon

### **EXECUTIVE OFFICERS**

Virginia Harrington - Deputy CEO

C. H. (Chuck) Harvey - Deputy CEO

Rita Haskin – Executive Officer, Customer Service and Marketing

Marian Lee – Executive Officer, Planning and Development

Mark Simon – Executive Officer, Public Affairs

Bob Doty – Peninsula Rail Program Director

Martha Martinez – Authority Secretary

### **GENERAL COUNSEL**

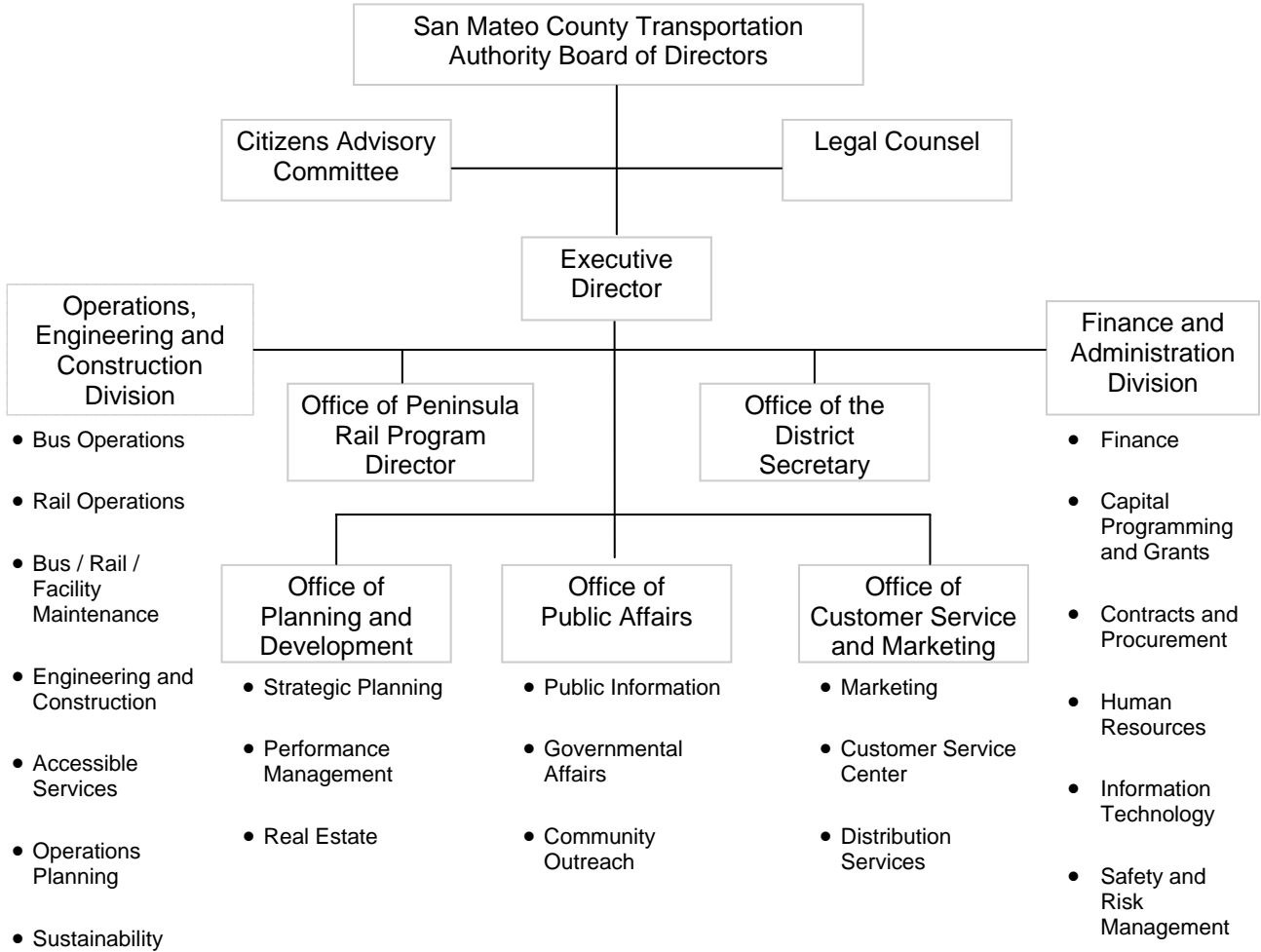
Hanson, Bridgett, Marcus, Vlahos & Rudy, LLP:

David J. Miller, Esq.

Joan Cassman, Esq

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 NOVEMBER 30, 2009**

**ORGANIZATION CHART**



### San Mateo County, California



---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
NOVEMBER 30, 2009**

---

**TABLE OF CREDITS**

The following individuals contributed to the production of the fiscal year 2009 CAFR:

<b><u>Finance:</u></b>	Manager, Budgets	Eva Goode
	Manager, General Ledger	Rima Lobo
	Manager, Treasury	Lori Snow
	Senior Accountant	Sheila Tioyao
	Senior Budget Analyst	Christina Tang
	Senior Systems Accountant	Angustia Pacumio
<b><u>Audit Firm:</u></b>	Partner	Leonard Danna
	Partner	Ahmad Gharaibeh



# *Section II*

---

---

## **FINANCIAL**

**Independent Auditor's Report**

**Management's Discussion and Analysis**

**Basic Financial Statements:**

- **Government-wide Financial Statements**
- **Fund Financial Statements**
- **Notes to the Basic Financial Statements**

**Required Supplementary Information**

**Other Supplemental Information**

This page intentionally left blank.

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
San Mateo County Transportation Authority  
San Carlos, California

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the San Mateo County Transportation Authority (TA) of California, as of and for the year ended June 30, 2009, which collectively comprise the TA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the TA's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from the TA's June 30, 2008 financial statements and, in our report dated November 30, 2008, we expressed an unqualified opinion on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the TA as of June 30, 2009, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The financial statements include prior-year comparative information as explained in Note 1(J). Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the TA's financial statements for the year ended June 30, 2008, from which such comparative information was derived.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2009, on our consideration of the TA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 11 and the Budgetary Comparison Schedule and its accompanying notes on pages 35 and 36 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the TA's basic financial statements. The supplemental information on combining fund statements listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The budgetary schedules on pages 39 through 41 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Varrinek Trime Day + Co. LLP

Palo Alto, California  
November 30, 2009

## Management's Discussion and Analysis

This page intentionally left blank.

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

This discussion and analysis of the TA's financial position addresses the TA's activities for the fiscal year ended June 30, 2009 with comparisons to the fiscal year ended June 30, 2008. 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**

- Total assets decreased by \$36.2 million or 7.5 percent to \$446.8 million at June 30, 2009 compared to June 30, 2008. Cash and investments comprised \$413.3 million or 92.5 percent of the total 2009 year-end amount.
- Sales tax revenue for all funds was \$60.0 million during 2009, a decrease of \$8.6 million or 12.6 percent over 2008.
- The TA expended \$49.1 million in capital outlay during 2009, a decrease of \$1.6 million or 3.2 percent over 2008. This amount included construction costs related to the addition of an auxiliary lane in both directions of Highway 101 between Third Avenue in San Mateo and Millbrae Avenue in Millbrae.
- Total liabilities increased \$0.8 million or 6.2 percent to \$14.2 million at June 30, 2009 compared to June 30, 2008.
- Total net assets decreased by \$37.1 million or 7.9 percent to \$432.6 million at June 30, 2009 compared to June 30, 2008. In addition, the ending *unreserved fund balance* for the Special Revenue Fund decreased by \$8.7 million or 2.0 percent to \$417.2 million at 2009 year-end. These decreases are primarily due to total expenditures exceeding total revenues in 2009.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

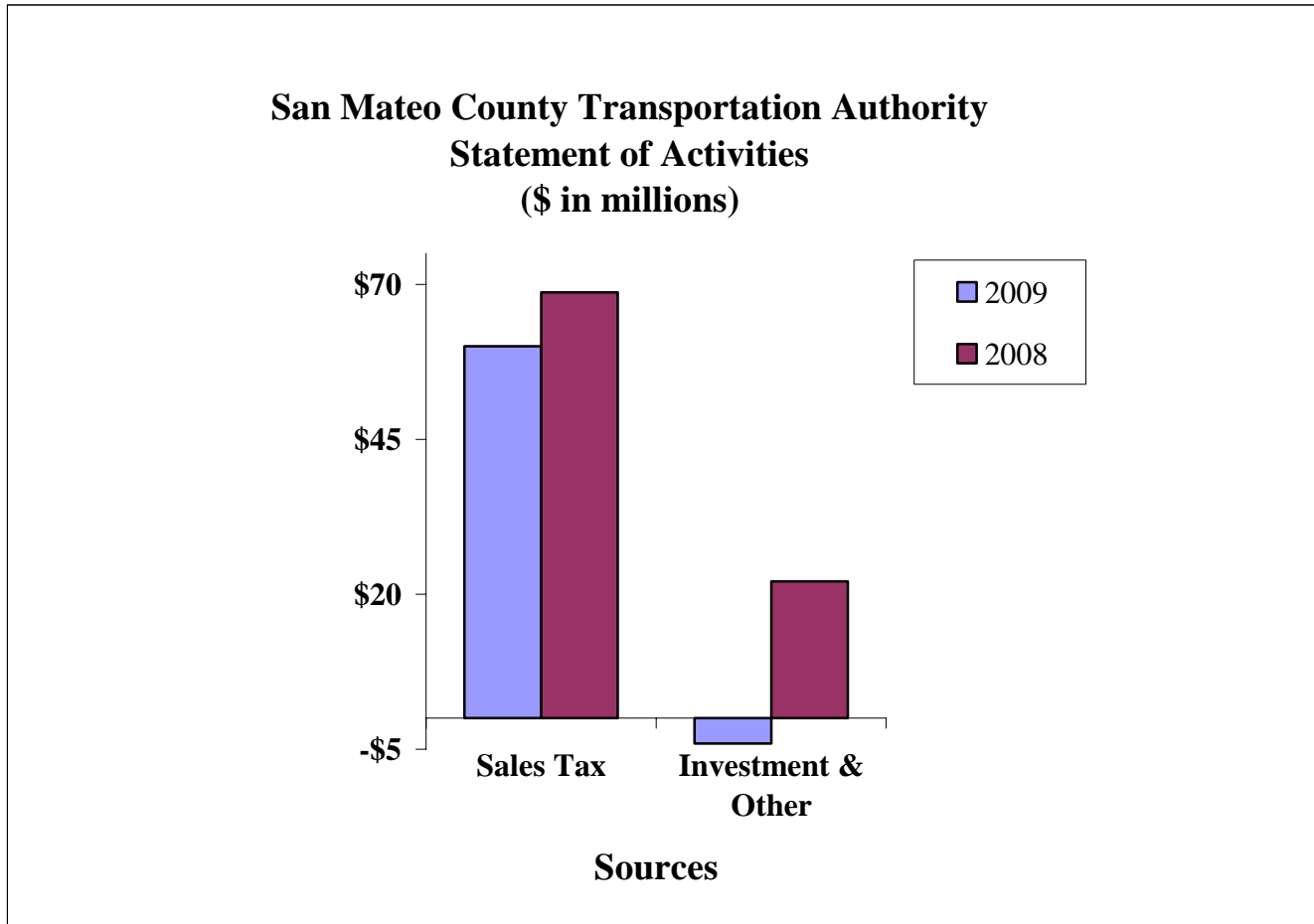
The Financial Section of this report presents the TA's basic financial statements in three components: government-wide financial statements, fund financial statements, and notes to the financial statements. Other supplementary information also appears in addition to the basic financial statements.

#### **Government-wide Financial Statements**

The *Statement of Net Assets* presents total assets and total liabilities with the difference between the two reported as net assets. Changes in net assets over time provides an indicator of whether the financial position of the government is improving or deteriorating.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION & ANALYSIS  
JUNE 30, 2009**

The *Statement of Activities* reports on the change in net assets during the year. It includes a comparison between direct expenses and related revenues for each program or function. Direct expenses are those specifically associated with and clearly identifiable with a particular program or function. The *Statement of Activities* matches revenues from charges to customers for goods and services to the program and functional expenses with which the revenues are directly related. Revenues not classified as program or functional, such as sales tax, are presented on their own as general revenues. The TA reports all changes in net assets as soon as underlying events occur, regardless of the timing of the related cash flows. Thus, some revenues and expenses reported in the *Statement of Activities* result in cash flows in a future period.



**Fund Financial Statements**

A *fund* is a set of accounts used to control resources segregated for specific activities or objectives. Funds classified as *major* are reported individually on the financial statements. Funds classified as non-major are grouped and reported in a single column. In the supplemental section of this report, *combining statements* report data for each of the *non-major* funds. The TA uses fund accounting to ensure compliance with various legal requirements, such as the annually adopted budget. Accordingly, certain financial statements in this report provide a comparison between budgeted and actual amounts.



---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION & ANALYSIS  
JUNE 30, 2009**

---

The TA classifies all of its funds as *governmental*. Unlike the *government-wide* financial statements discussed above, the financial statements for *governmental funds* focus on the inflows, outflows and balances of spendable resources, rather than net assets. This information is useful for evaluating the TA's current financing requirements.

The TA reports the following *major governmental funds* in individual columns:

- The *Special Revenue Fund* which accounts for the proceeds of the one-half cent county sales tax. These funds are legally restricted to expenditures for specific transportation improvement projects authorized in a referendum approved by San Mateo County voters. This referendum is referred to as *Measure A* and the list of eligible projects can be found in the *Transportation Expenditure Plan*.

The TA reports the following *non-major governmental funds* in an aggregated column:

- The *Debt Service Fund* which accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest.
- The *Paratransit Special Revenue Fund* which accounts for the investment earnings of the *Paratransit Permanent Fund* plus occasional allocations from the TA. Upon the advice of the San Mateo County Paratransit Coordinating Council and the District, the TA distributes the resources of this fund to local entities for programs supporting the transportation needs of persons with disabilities.
- The *Paratransit Permanent Fund* which was established pursuant to the *Transportation Expenditure Plan* and maintained a principal balance of \$25.0 million from *Measure A* sales tax revenues. This fund existed in perpetuity and investment earnings on the principal balance were transferred to the *Paratransit Special Revenue Fund*. The management and oversight of this fund became the responsibility of the District in January 2009 per the 1988 Transportation Expenditure Plan.
- The *Transportation System Management (TSM) Special Revenue Fund* which accounts for a *restricted reserve account* established pursuant to Board Resolution No. 1989-12 passed on July 6, 1989. This resolution authorized the transfer of \$6.0 million to an interest-bearing account for a TSM program pursuant to the *Transportation Expenditure Plan (TEP)*. The interest that accrued in this account was used to support TSM activities. On October 7, 1999, Board Resolution No. 1999-20 amended and clarified prior resolutions. The amendment stated that the intent of the TA was to cease making annual allocations for TSM activities from the interest proceeds of the *restricted reserve account* and to make the required annual allocations from the principal of the account. As the 1988 Measure A came to a close on December 31, 2008, the TA reconciled the funds that had been provided to the TSM fund throughout the life of the measure with the original requirements of the TEP, which was 0.7 percent of Measure A funds. The result was that upon expiration of the 1988 Measure A, the TSM fund had received more than its share of 0.7 percent of Measure A funds. The funds remaining in the TSM fund that actually belonged to other programs per the TEP were transferred back to the TA general fund to be used towards the project categories originally intended.

## **Notes to the Financial Statements**

The *Notes to the Basic Financial Statements* provide additional information that is essential to a full understanding of the *government-wide* and *fund* financial statements. These notes begin on page 18 of this report, immediately following the financial statements to which they refer.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION & ANALYSIS  
JUNE 30, 2009**

**Other Information**

This report also presents certain *required supplementary information* concerning compliance with the TA's annual budget for the *Special Revenue Fund* which is the TA's main operating fund and the equivalent of a *general fund*. This information and associated notes immediately follow the *basic financial statements* and their accompanying notes. Combining statements that present non-major governmental funds appear immediately following the *required supplementary information*.

**Government-wide Financial Analysis**

At June 30, 2009, total assets were \$446.8 million, a decrease of \$36.2 million or 7.5 percent over June 30, 2008. Cash and investments including restricted assets comprise \$413.3 million of this amount. With only \$14.2 million in total liabilities, the TA is in an excellent position to meet its obligations for current construction projects. As of the end of 2009, existing encumbrances and expected future costs combined for current construction projects are estimated to total \$167.2 million.

Capital assets were \$13.6 million in 2009. There were no changes compared to 2008.

The TA does not record the capital assets created by the construction projects it finances on its own accounting books since these assets are of value only to the local government units in which they are located. For more information on capital assets, please refer to *Note #7- Capital Assets* of the *Notes to the Financial Statements* on page 30 of this report.

	Governmental Activities	
	2009	2008
Current and other assets	\$ 433,191,680	\$ 469,417,680
Capital assets	13,590,975	13,590,975
Total assets	<u>446,782,655</u>	<u>483,008,655</u>
Long-term liabilities outstanding	3,450,000	3,674,256
Other liabilities	10,733,864	9,682,957
Total liabilities	<u>14,183,864</u>	<u>13,357,213</u>
Net assets:		
Invested in capital assets, net of related debt	13,590,975	13,590,975
Restricted	-	25,000,000
Unrestricted	419,007,816	431,060,467
Total net assets	<u>\$ 432,598,791</u>	<u>\$ 469,651,442</u>

Total liabilities increased by \$0.8 million or 6.2 percent to \$14.2 million at June 30, 2009 compared to \$13.4 million at June 30, 2008. The increase was due to higher accruals for capital projects.

Net assets decreased by \$37.1 million or 7.9 percent to \$432.6 million at June 30, 2009, the result of expenses exceeding revenues in 2009.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION & ANALYSIS  
JUNE 30, 2009**

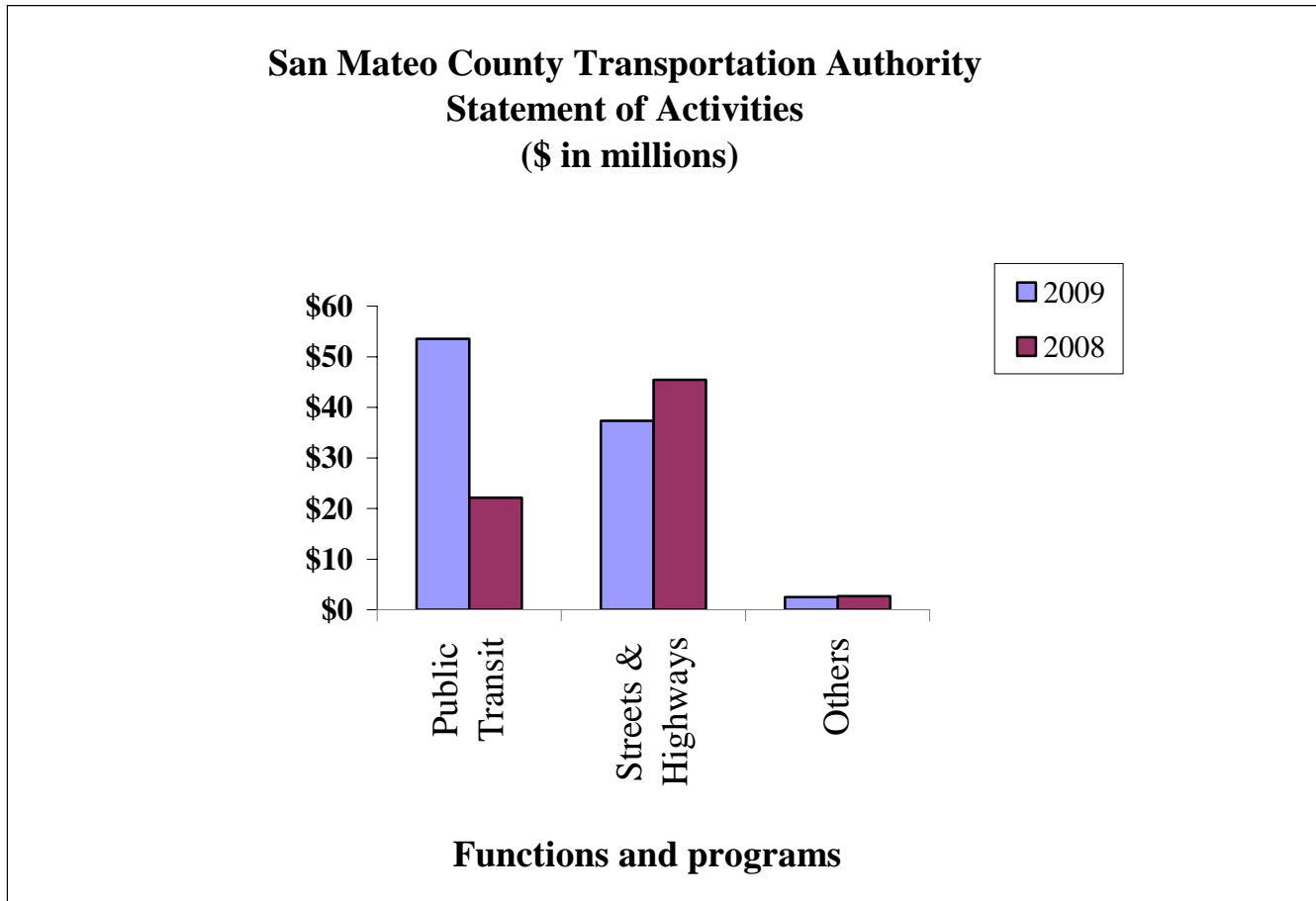
**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
CHANGES IN NET ASSETS**

	Governmental Activities	
	2009	2008
Revenues:		
Program revenues		
Charges for services	\$ 1,076,491	\$ 996,862
Operating grants/contributions	7,419,581	2,969,662
General revenues		
Sales tax	60,022,443	68,669,604
Investment earnings and others	(12,249,132)	18,086,693
Total revenues	<u>56,269,383</u>	<u>90,722,821</u>
Expenses:		
Public transit	53,524,062	22,072,073
Streets and highways	37,251,122	45,368,006
Others	2,546,850	2,738,666
Total expenses	<u>93,322,034</u>	<u>70,178,745</u>
Change in net assets	(37,052,651)	20,544,076
Net assets - July 1,	469,651,442	449,107,366
Net assets - June 30,	<u>\$ 432,598,791</u>	<u>\$ 469,651,442</u>

**Governmental Activities**

Total expenses for governmental activities were \$93.3 million in 2009, an increase of \$23.1 million or 33.0 percent compared to 2008. The functional components of total expenses are public transit (57.4 percent), streets and highways (39.9 percent) and other programs (2.7 percent). The following are the highlights of the TA's governmental activities:

- Sales tax revenue decreased by \$8.6 million or 12.6 percent to \$60.0 million in 2009 over 2008. Consequently, the TA's distribution of construction funds to local entities, set at 22.5 percent of sales tax revenue, decreased by \$1.1 million to \$12.7 million in 2009 over 2008.
- Investment earnings/(losses) and other revenues of (\$12.2) million in 2009 was \$30.3 million or 167.7 percent lower compared to 2008. This decrease was mostly due to investment losses.
- Expenses for public transit projects in 2009 increased by \$31.5 million to \$53.5 million or 142.5 percent compared to 2008. The large increase was due to the \$25 million transfer of the Paratransit Permanent Fund to the District pursuant to the 1988 Transportation Expenditure Plan.
- Spending for streets and highways in 2009 decreased by \$8.1 million or 17.9 percent to \$37.3 million compared to 2008 mainly due to the current phase of capital projects. Several streets and highway projects completed the construction phase during FY 2008 which is the most expensive phase of work on a project.



### Financial Analysis of the TA's Funds

At June 30, 2009, governmental funds reported combined fund balances of \$417.8 million, a decrease of \$37.4 million or 8.2 percent lower than June 30, 2008. The total unreserved fund balance of \$417.8 million is available for spending at the discretion of the TA's Board of Directors in accordance with the Transportation Expenditure Plan.

The *Special Revenue Fund* is the operating fund of the TA and equivalent to the general fund of other governmental entities. The fund balance reached \$417.2 million at June 30, 2009, a decrease of \$8.7 million or 2.0 percent over June 30, 2008, as total expenses exceeded total revenues during 2009. The total fund balance at June 30, 2009 of \$417.2 million is unreserved. Since the TA principally passes funding through to other organizations, the most accurate indicator of the TA's ability to meet its current and future obligations is a comparison of its unreserved fund balance to its future commitments. At June 30, 2009, the estimated cost to complete on-going projects is \$167.2 million or 40.1 percent of unreserved fund balance.

In fiscal year 2008, the TA's 1997 Series A Limited Tax Bonds matured. The remaining balance in the *Debt Service Fund* at the end of FY 2008 was transferred to the Special Revenue Fund and designated for future Measure A projects.

At June 30, 2009, the combined fund balance of *Other Governmental Funds* is \$0.6 million, which is \$28.7 million or 98.0 percent lower than June 30, 2008. The *Paratransit Permanent Fund* balance of \$25.0 million on

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION & ANALYSIS  
JUNE 30, 2009**

---

June 30, 2008 was transferred to the District in 2009. The balance of the *Other Governmental Funds* combined fund balance is held in the *Transportation Systems Management Special Revenue Fund*.

**Special Revenue Fund Budgetary Highlights**

GAAP requires a discussion of the budget-to-actual performance for the general fund or its equivalent. In the case of the TA, the *Special Revenue Fund* is the equivalent of a general fund as it is the chief operating fund. The TA classifies this fund as a special revenue fund because the activity of the fund is legally restricted to the special purposes enumerated in the Transportation Expenditure Plan approved by the voters of San Mateo County.

The *Special Revenue Fund* employs the same accounting basis and principles for both its budget and actual revenues and expenditures, except that proceeds from the sale of fixed assets, unrealized investment gains and losses and inter-fund transfers are not included in the budget.

Sales tax represented 115.4 percent of the *Special Revenue Fund's* total budgeted revenue for FY 2009. Actual sales tax revenue for the year was \$58.7 million, which was below the budget by \$4.1 million or 6.5 percent.

Total investment income/(losses) for the *Special Revenue Fund* totaled (\$15.2) million in FY 2009, a difference from the budgeted amount by \$0.3 million or 0.2 percent.

Program administration costs for the *Special Revenue Fund* were slightly under budget.

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION & ANALYSIS  
JUNE 30, 2009**

---

The TA spent \$49.1 million or 99.5 percent of its final 2009 budget for capital outlays, which included the cost of completing on-going capital projects. Since capital projects normally span more than one year, the TA carries over unexpended budgets to succeeding years. However, to enhance understanding of the TA's fund balance for the *Special Revenue Fund*, the carry-over amount from 2008 is not included in the 2009 *Budgetary Comparison Schedule*.

### **Capital Projects**

The TA spent \$49.1 million on capital projects in 2009, a decrease of \$1.6 million or 3.2 percent compared to 2008. Following are the major capital expenditures:

- Construction cost for the addition of an auxiliary lane in both directions of Highway 101 between Third Avenue in San Mateo and Millbrae Avenue in Millbrae (\$19.5 million).
- Studies and design costs associated with the grade separation project for San Bruno Avenue in San Bruno and Linden Avenue in South San Francisco (\$4.0 million).
- Studies and design costs associated with the grade separation project for Poplar and Tilton (\$3.7 million).
- Construction cost of improvements on State Route 92 in the City of Half Moon Bay (\$1.4 million).
- Funding for the 2008 local capital match requirement assessed to San Mateo County according to the Caltrain Joint Powers Agreement (\$3.7 million).
- Signal design to improve safety at the rail grade crossings in San Mateo County (\$4.0 million).
- Construction of outside boarding platform and installation of a center-track fence to eliminate the hold-out rule at Burlingame station (\$1.2 million).

More information on the TA's capital project activity appears in *Notes #14 and #15 – Capital Outlay and Construction Commitments* on page 34 in the *Notes to the Financial Statements*.

### **Debt**

In 2008, the TA fully repaid the remaining \$8.9 million on its 1997 Series A Limited Tax Bonds. This reduction represents the final regularly scheduled principal payment made June 1, 2008. The maturity of this bond released: (a) the pledge of sales tax revenues which secured the debt and (b) the reserve fund which secured the semi-annual payment of principal and interest. The TA has subsequently closed its trust accounts which serviced the bond.

The TA retained professional consultants to assist in calculating arbitrage liability, which is typically payable to the federal government every five years while the bonds were outstanding. The cumulative rebate liability on arbitrage earnings as of the end of FY 2008 was \$0.2 million which was paid in July 2008. This payment represented the final arbitrage rebate payment required for the bond.

The balance of an outstanding loan of \$3.5 million from the State of California remains unchanged from the prior year, as no principal payments were made. The loan was initially due on December 31, 2009, but the agreement has been updated and Caltrans has granted the TA an extension through November 7, 2013 to repay the loan. The TA used the proceeds of this non-interest-bearing loan to purchase property from Southern Pacific Transportation Company.

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION & ANALYSIS  
JUNE 30, 2009**

---

More information on the TA's long-term debt activity appears in *Note #10 – Long-term Liabilities* beginning on page 31 in the *Notes to the Financial Statements*.

**Economic Factors**

The nation is experiencing one of the longest recessions on record since World War II and experts cannot agree on how long this recession will last. San Mateo County has not been spared in this national recession. The unemployment rate in San Mateo County began FY 2009 at 5.0 percent and shot up at a tremendous rate ending the fiscal year at 8.9 percent. Job losses were widely dispersed across industries. Growing job losses, rising unemployment, falling personal income and the loss of consumer confidence account for the plummeting of TA's sales tax receipts in FY 2009 by 12.6 percent to \$60.0 million; compared to a record high level in FY 2008 of \$68.7 million. Recovery from this recession is expected to begin in 2010; however, it is expected to move very slowly. The TA understands this strain on sales tax revenues and the resulting effect on project spending and will budget this revenue source accordingly.

**Requests for Information**

This financial report intends to provide our citizens, taxpayers, customers and creditors with a general overview of the TA's finances and to demonstrate accountability for resources received. If you have questions about this report or need additional financial information, contact the Deputy CEO, 1250 San Carlos Ave., San Carlos, California, 94070-1306.

This page intentionally left blank.



**BASIC FINANCIAL STATEMENTS**  
**Government-wide Financial Statements**

This page intentionally left blank.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**STATEMENTS OF NET ASSETS**  
**YEAR ENDED JUNE 30, 2009 (WITH COMPARATIVE DATA**  
**FOR THE YEAR ENDED JUNE 30, 2008)**

	Governmental Activities	
	2009	2008
<b>ASSETS</b>		
Cash and investments (Notes 1 & 2)	\$ 413,302,074	\$ 447,174,985
Receivables:		
Sales tax (Note 3)	9,742,367	13,046,025
Interest (Note 4)	2,708,459	3,652,895
Note receivable (Note 5)	4,343,404	4,343,404
Other (Note 6)	3,083,992	1,197,071
Prepaid expenses	11,384	3,300
Capital assets (Notes 1 & 7)	13,590,975	13,590,975
Total Assets	<u>\$ 446,782,655</u>	<u>\$ 483,008,655</u>
<b>LIABILITIES</b>		
Accounts payable (Note 8)	\$ 2,009,024	\$ 1,397,824
Accrued liabilities (Note 9)	8,681,850	8,216,741
Deferred revenue	3,892	29,294
Deposits	39,098	39,098
Long-term liabilities (Note 10):		
Due within one year	-	224,256
Due beyond one year	3,450,000	3,450,000
Total Liabilities	<u>14,183,864</u>	<u>13,357,213</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	13,590,975	13,590,975
Restricted for (Notes 2 & 11):		
Paratransit programs - nonexpendable	-	25,000,000
Unrestricted (Note 11)	419,007,816	431,060,467
Total Net Assets	<u>432,598,791</u>	<u>469,651,442</u>
Total Liabilities and Net Assets	<u>\$ 446,782,655</u>	<u>\$ 483,008,655</u>

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

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**STATEMENTS OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2009 (WITH COMPARATIVE DATA**  
**FOR THE YEAR ENDED JUNE 30, 2008)**

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets	
	Expenditures	Charges for Services	Operating Contributions and Grants	2009	2008
<b>GOVERNMENTAL ACTIVITIES:</b>					
Public Transit					
Upgrades and extensions	\$ 9,612,091	\$ -	\$ -	\$ (9,612,091)	\$ (12,481,230)
Grade separations	9,117,772	780,820	2,428,497	(5,908,455)	(3,649,420)
Paratransit	26,071,259	-	-	(26,071,259)	(1,630,794)
Dumbarton spur	6,044,793	295,671	4,991,084	(758,038)	(344,105)
BART	535,629	-	-	(535,629)	-
Caltrain	2,142,518	-	-	(2,142,518)	-
Street and highways					
Distributions to local entities	12,674,026	-	-	(12,674,026)	(13,733,921)
Projects funding	24,577,096	-	-	(24,577,096)	(31,634,085)
Caltrain shuttle program	1,339,250	-	-	(1,339,250)	(1,074,089)
Transportation systems management	461,781	-	-	(461,781)	(482,947)
Program administration	745,819	-	-	(745,819)	(802,890)
Interest on debt	-	-	-	-	(378,740)
Total Governmental Activities	<u>\$ 93,322,034</u>	<u>\$ 1,076,491</u>	<u>\$ 7,419,581</u>	<u>(84,825,962)</u>	<u>(66,212,221)</u>
<b>GENERAL REVENUES:</b>					
Sales tax				60,022,443	68,669,604
Unrestricted investment earnings				(12,249,132)	18,313,289
Other income/(loss)				-	(226,596)
Total General Revenues				<u>47,773,311</u>	<u>86,756,297</u>
Change in Net Assets				(37,052,651)	20,544,076
Net Assets at Beginning of Year				469,651,442	449,107,366
Net Assets at End of Year				<u>\$ 432,598,791</u>	<u>\$ 469,651,442</u>

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

**BASIC FINANCIAL STATEMENTS**  
**Fund Financial Statements**

This page intentionally left blank.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2009 (WITH COMPARATIVE DATA AS OF JUNE 30, 2008)**

	Special Revenue Fund	Permanent Paratransit Fund	Other Governmental Funds	Total Governmental Funds	
				2009	2008
<b>ASSETS</b>					
Cash and investments (Notes 1 & 2)	\$ 412,599,803	\$ -	\$ 702,271	\$ 413,302,074	\$ 447,174,985
Receivables:					
Sales tax (Note 3)	9,275,249	-	467,118	9,742,367	13,046,025
Interest (Note 4)	2,377,673	-	-	2,377,673	3,478,768
Other (Note 6)	3,083,992	-	-	3,083,992	1,197,071
Prepaid	11,384	-	-	11,384	3,300
Total Assets	<u>\$ 427,348,101</u>	<u>\$ -</u>	<u>\$ 1,169,389</u>	<u>\$ 428,517,490</u>	<u>\$ 464,900,149</u>
<b>LIABILITIES</b>					
Accounts payable (Note 8)	\$ 1,440,337	\$ -	\$ 568,687	\$ 2,009,024	\$ 1,397,824
Accrued liabilities (Note 9)	8,681,850	-	-	8,681,850	8,216,741
Deferred rent revenue	3,892	-	-	3,892	29,294
Deposits	39,098	-	-	39,098	39,098
Total Liabilities	<u>10,165,177</u>	<u>-</u>	<u>568,687</u>	<u>10,733,864</u>	<u>9,682,957</u>
<b>FUND EQUITY</b>					
Fund Balances:					
Reserved for (Notes 2 & 11):					
Paratransit programs	-	-	-	-	25,000,000
Unreserved, reported in (Note 11):					
Special revenue fund					
Designated for -					
Current Measure A Projects	167,207,482	-	-	167,207,482	167,218,316
Future Measure A Projects	249,981,771	-	-	249,981,771	258,743,690
Nonmajor special revenue funds					
Designated	-	-	594,373	594,373	4,255,186
Total Fund Balances	<u>417,189,253</u>	<u>-</u>	<u>594,373</u>	<u>417,783,626</u>	<u>455,217,192</u>
Total Liabilities and Fund Balances	<u>\$ 427,354,430</u>	<u>\$ -</u>	<u>\$ 1,163,060</u>	<u>\$ 428,517,490</u>	<u>\$ 464,900,149</u>

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

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENTS OF NET ASSETS  
JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Amounts reported for governmental activities in the Statements of Net Assets differ due to:		
<b>Fund Balances - Total Governmental Funds</b>	\$ 417,783,626	\$ 455,217,192
Capital assets of governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	13,590,975	13,590,975
Long term note receivable is not a financial resource and, therefore, is not reported in the governmental funds.		
Note receivable	4,343,404	4,343,404
Interest receivable	330,786	174,127
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore not reported in the governmental funds:		
Cumulative rebate liability	-	(224,256)
Loan from State of California	(3,450,000)	(3,450,000)
Subtotal	<u>(3,450,000)</u>	<u>(3,674,256)</u>
<b>Net Assets of Governmental Activities</b>	<u>\$ 432,598,791</u>	<u>\$ 469,651,442</u>

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



**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 2009 (WITH COMPARATIVE DATA**  
**FOR THE YEAR ENDED JUNE 30, 2008)**

	Special	Permanent	Other	Total	
	Revenue	Paratransit	Governmental	2009	2008
	Fund	Fund	Fund		
<b>REVENUES</b>					
Sales tax	\$ 58,709,699	\$ -	\$ 1,312,744	\$ 60,022,443	\$ 68,669,604
Investment income (Note 12)	(11,997,078)	-	(632,969)	(12,630,047)	18,995,295
Rental income	1,076,491	-	-	1,076,491	996,863
Grant proceeds	7,419,581	-	-	7,419,581	1,820,767
Total Revenues	55,208,693	-	679,775	55,888,468	90,482,529
<b>EXPENDITURES</b>					
Administrative:					
Staff support (Note 13)	487,297	-	-	487,297	592,978
Board compensation	6,900	-	-	6,900	7,100
Professional and legal fees	169,792	-	-	169,792	148,027
Other services and supplies	58,861	-	-	58,861	37,208
Travel and meeting	9,799	-	-	9,799	8,559
Debt Service:					
Principal	-	-	-	-	8,855,000
Interest	-	-	-	-	407,331
Subtotal	732,649	-	-	732,649	10,056,203
Distribution to local entities	12,674,026	-	1,533,041	14,207,067	16,996,560
BART	535,630	-	-	535,630	-
Caltrain	2,142,517	-	-	2,142,517	-
Special allocation to Samtrans	-	25,000,000	-	25,000,000	-
Caltrain shuttles program	1,339,250	-	-	1,339,250	1,074,089
Dumbarton corridor maintenance	242,089	-	-	242,089	181,753
Measure A information	13,169	-	-	13,169	14,374
Capital outlays (Note 14)	49,109,663	-	-	49,109,663	50,744,714
Total Expenditures	66,788,993	25,000,000	1,533,041	93,322,034	79,067,693
Excess of Revenues Over Expenditures	(11,580,300)	(25,000,000)	(853,266)	(37,433,566)	11,414,836
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	2,892,209	-	9,676	2,901,885	-
Transfer out	(9,676)	-	(2,892,209)	(2,901,885)	-
Total Other Financing Sources (Uses)	2,882,533	-	(2,882,533)	-	-
Net Change in Fund Balances	(8,697,767)	(25,000,000)	(3,735,799)	(37,433,566)	11,414,836
Fund Balances, Beginning of Year	425,887,020	25,000,000	4,330,172	455,217,192	443,802,356
Fund Balances, End of Year	\$ 417,189,253	\$ -	\$ 594,373	\$ 417,783,626	\$ 455,217,192

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

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE GOVERNMENT-WIDE STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Amounts reported for governmental activities in the Statements of Activities differ due to:		
<b>Net Changes in Fund Balances - Total Governmental Funds</b>	\$ (37,433,566)	\$ 11,414,836
Repayment of Limited Tax Bonds principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	-	8,855,000
Accrual of interest expense on the 1997 bonds is recorded as an expense in the government-wide statement of activities, but is not recorded in the governmental funds.	-	33,944
Accrual of interest revenue on the note receivable for the sale of land is recorded as revenue in the government-wide statement of activities, but is not recorded in the governmental funds.	156,659	174,127
Loss on the sale of the land is recorded as an expense in the government-wide statement of activities, but is not recorded in the governmental funds.	-	(226,596)
Payment of the arbitrage liability was recorded as an expenditure in the government funds but reduces the cumulative liability in the statements of net assets and does not affect the statement of activities.	224,256	517,021
The increase in arbitrage cumulative liability is not recorded as an expenditure in the governmental funds but is recorded as an expenditure in the statement of activities and increases the long-term liability in the statement of net assets.		<u>(224,256)</u>
<b>Change in Net Assets of Governmental Activities</b>	<u>\$ (37,052,651)</u>	<u>\$ 20,544,076</u>

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

**BASIC FINANCIAL STATEMENTS**  
**Notes to the Basic Financial Statements**

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

---

<i>INDEX TO THE NOTES</i>	<i>Pages</i>
(1) Summary of Significant Accounting Policies	19
(2) Deposits and Investments	23
(3) Sales Tax Receivable	28
(4) Interest Receivable	29
(5) Note Receivable	29
(6) Other Receivables	29
(7) Capital Assets	30
(8) Accounts Payable	30
(9) Accrued Liabilities	30
(10) Long-term Liabilities	31
(11) Net Assets/Fund Balance	32
(12) Investment Income	33
(13) Staff Support Expenditure	33
(14) Capital Outlay	34
(15) Construction Commitments	34
(16) Risk Management	34

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

---

***NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

***A. Financial Reporting Entity***

The TA was formed in June 1988 as a result of the approval of Measure A (one-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 TA was responsible for the administration of funds collected through the one-half cent county sales tax for a period of 20 years, initially. In November 2004, the voters reauthorized the TA and its publicly developed expenditure plan for an additional 25 years beyond the original expiration date of 2008. The District was designated as the entity responsible for overall management of the TA.

***B. Implementation of Governmental Accounting Standards Board Statements***

**GASB Statement No. 49** – In November 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. This statement is effective for financial statements with reporting periods beginning after December 15, 2007. This statement did not have an impact on the TA's financial statements.

**GASB Statement No. 51** – In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting standards for many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. This statement is effective for financial statements with reporting periods beginning after June 15, 2009. The TA has not determined its effect on the financial statements.

**GASB Statement No. 52** – In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. This statement is effective for financial statements with reporting periods beginning after June 15, 2008. This statement did not have an impact on the TA's financial statement.

**GASB Statement No. 53** – In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement is intended to improve how State and local governments report information about derivative instruments – financial arrangements used by governments to manage specific risks or make investments – in their financial statements. The statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this statement also addresses hedge accounting requirement and is effective for financial statements with reporting periods beginning after June 15, 2009, with earlier application encouraged. The TA has not determined its effect on the financial statements.

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

---

**NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**GASB Statement No. 54** – In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This statement is effective for financial statements with reporting periods beginning after June 15, 2010. The TA has not determined its effect on the financial statements.

**C. Basis of Presentation**

*Government-wide Financial Statements*

The Statement of Net Assets and Statement of Activities report the financial activities of the TA. The Statement of Activities present a comparison between direct expenses and program revenues for each function of the TA. Direct expenses are those that are specifically associated with a program or a function and therefore, are clearly identifiable to a particular function. Program revenues refer to charges paid by the recipients of goods or services offered by the programs. Revenues that are not classified as program revenues, including sales tax revenues, are presented instead as general revenues.

*Fund Financial Statements*

The fund financial statements provide information about the TA's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The TA reports the following major governmental funds:

The *Special Revenue Fund* accounts for the proceeds of the one-half cent county sales tax. These funds are legally restricted to expenditures specified in Measure A.

The TA reports the following non-major governmental funds in an aggregated column:

The *Paratransit Special Revenue Fund* accounts for all transactions relating to Paratransit, except for the \$25 million principal balance maintained in the Paratransit Permanent Fund. The Paratransit Special Revenue Fund included allocations for Paratransit augmentation of funds in excess of the principal balance of \$25 million, consumer price index (CPI) adjustments to the principal balance and investment earnings. Funds are allocated to local entities, upon the advice of the Paratransit Coordinating Council and the county, to support the transportation needs of elderly and persons with disabilities (Paratransit Programs).

The *Debt Service Fund* accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

---

**NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basis of Presentation (continued)**

The *Paratransit Permanent Fund* was established as provided in the *Transportation Expenditure Plan* with a principal balance of \$25 million from Measure A Funds. In January 2009, the management and oversight of this fund became the responsibility of the District per the 1988 Transportation Expenditure Plan.

The *Transportation Systems Management (TSM) Special Revenue Fund* accounts for a *restricted reserve account* established pursuant to Board Resolution No. 1989-12 passed on July 6, 1989. The resolution authorized the transfer of a principal amount of \$6 million to an interest-bearing account for a TSM program pursuant to the *Transportation Expenditure Plan*. Interest accrued in the account was allocated for TSM activities prior to October 7, 1999. Thereafter, Board Resolution No. 1999-20 was passed amending Resolution 1989-12 which clarified the intent of the TA to cease making annual allocations for TSM activities from the interest proceeds of the Restricted Reserve Account and instead, make the required annual allocations out of the principal of the account. On December 31, 2008, the TA reconciled the fund and found that the TSM fund had received more than the 0.7 percent of Measure A funds that was required in the Transportation Expenditure Plan. The excess funds were transferred back to the TA general fund to be used towards the project categories originally intended.

**D. Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of when the related cash flows take place.

Nonexchange transactions, in which the TA gives (or receives) value without directly receiving (or giving) equal value in exchange, include one-half cent county sales tax receipts and distributions to local entities. On an accrual basis, revenues from the one-half cent county sales tax are recognized when the underlying exchange transactions occur.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered available when their receipt occurs within 60 days after the end of the accounting period. Sales tax and investment earnings are recorded when measurable and available. Expenditures are recognized in the accounting period in which the liability is incurred, except that principal and interest on long-term debt are recognized when paid. Capital asset acquisitions are reported as expenditures in governmental funds.

**E. Non-current Governmental Assets/Liabilities**

GASB Statement No. 34 eliminates the presentation of account groups but provides for these records to be maintained and incorporates the information into the government-wide Statements of Net Assets.

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008**

---

***NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***

***F. Interfund Balances***

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the Statements of Net Assets.

***G. Prepaid Expenditures***

Prepaid expenditures represent amounts paid in advance of receiving goods or services. The TA has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The TA has chosen to report the expenditures during the benefiting period.

***H. Cash and Investments***

All highly liquid investments with maturity of three months or less when purchased are considered cash equivalents.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The custodian or trustee determines fair value using quoted market prices or valuation services, as applicable.

***I. Capital Assets***

Capital assets are recorded at historical cost. All capital asset purchases are recorded as expenditures at the time of acquisition in the governmental funds. Such amounts are then capitalized and reported in the government-wide financial statements.

Construction projects financed by the TA from the one-half cent county sales tax include highways, streets and grade separations. These infrastructure assets are of value only to the local government units in whose jurisdiction they are constructed and are not recorded as capital assets on the TA's books.

***J. Comparative Data***

The comparative data for fiscal year ended June 30, 2008 provided in these financial statements is not required for a fair presentation of the financial statements but is presented as additional analytical data.

***K. Reclassifications***

Certain comparative financial statement amounts from the prior year may have been reclassified to conform to the current year presentation.



**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE #2 – DEPOSITS AND INVESTMENTS**

The deposits and investments as of June 30, 2009 and 2008 are as follows:

	Fair Value	
	2009	2008
<b>Cash and Investments</b>		
Special Revenue Fund		
Cash and cash equivalents:		
Bank balance	\$ 564,277	\$ 113,369
Investments	412,035,527	416,975,835
Total Special Revenue Fund	<u>412,599,804</u>	<u>417,089,204</u>
Permanent Paratransit Fund		
Investments	-	25,000,000
Other Governmental Funds		
Cash and cash equivalents:		
Bank balance		
TSM Special Revenue Fund		-
Debt Service Fund	-	76,486
Investment:		
Paratransit Special Revenue Fund	164,120	1,346,849
TSM Special Revenue Fund	538,150	3,662,446
Total Other Governmental Funds	<u>702,270</u>	<u>5,085,781</u>
Total Cash and Investments	<u>\$ 413,302,074</u>	<u>\$ 447,174,985</u>

The TA's cash and investments as of June 30, 2009 and 2008 are as follows

	2009	2008
Deposits with financial institutions	\$ 564,277	\$ 189,855
Investments	412,737,797	446,985,130
	<u>\$ 413,302,074</u>	<u>\$ 447,174,985</u>

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE #2 – DEPOSITS AND INVESTMENTS (continued)**

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

In accordance with the California Government Code, the TA may acquire investments as identified in the table below:

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	15 years	None	None
U.S. Treasury Obligations	15 years	None	None
U.S. Agency Securities or Government Sponsored Enterprises	15 years	None	None
Banker's Acceptances	180 days	15%	10%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	10%	5%
Repurchase Agreements	1 year	None	50%
Reverse Repurchase Agreements	92 days	20% of base value	20%
Medium-term Notes	5 years	30%	10%
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-through Securities	5 years	20%	5%
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

**Disclosures Relating to 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 TA 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 TA monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. With respect to this metric, the TA’s policies are as follows:

- No investment shall be made in securities with a remaining useful life exceeding 15 years
- The weighted average maturity of the portfolio shall not exceed 5 years

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE #2 – DEPOSITS AND INVESTMENTS (continued)**

The TA's weighted average maturity of its investment portfolio at June 30, 2009 was as follows:

Investment Type	Amount	Weighted Average Maturity (in years)
Repurchase Agreement	\$ 564,277	-
U.S. Treasury Notes	15,015,232	1.16
US Agency Securities	46,480,121	1.85
Corporate Bonds	9,194,361	2.02
Certificates of Deposits	3,214,510	1.76
Investment in County Pool	338,828,171	0.90
Investment in State Pool	5,402	0.64
	<u>\$ 413,302,074</u>	
Portfolio Weighted Average Maturity		1.05

The TA's weighted average maturity of its investment portfolio at June 30, 2008 was as follows:

Investment Type	Amount	Weighted Average Maturity (in years)
Investment in County Pool	\$ 446,980,187	1.20
Investment in State Pool	4,943	0.58
	<u>\$ 446,985,130</u>	
Portfolio Weighted Average Maturity		1.20

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE #2 – DEPOSITS AND INVESTMENTS (continued)**

**Disclosures Relating to 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 minimum rating required by (where applicable) the California Government Code and the TA’s investment policy and the actual rating as of year end for each investment type.

The TA’s investment portfolio credit rating at June 30, 2009 was as follows:

Investment Type	Amount (in thousands)	Exempt From Rating	Rating as of June 30, 2009	
			AAA	Not Rated
Repurchase Agreement	\$ 564,277		\$ -	\$ 564,277
U.S. Treasury Notes	15,015,232	15,015,232	-	-
US Agency Securities	46,480,121		46,480,121	-
Corporate Bonds	9,194,361		9,194,361	-
Certificates of Deposits	3,214,510	3,214,510	-	-
Investment in County Pool	338,828,171		-	338,828,171
Investment in State Pool	5,402		-	5,402
Total	\$ 413,302,074	\$ 18,229,742	\$ 55,674,482	\$ 339,397,850

The TA’s investment portfolio credit rating at June 30, 2008 was as follows:

Investment Type	Amount (in thousands)	Rating as of June 30, 2008	
		AAA	Not Rated
Investment in County Pool	\$ 446,980,187	\$ -	\$ 446,980,187
Investment in State Pool	4,943	-	4,943
Total	\$ 446,985,130	\$ -	\$ 446,985,130

**Concentration of Credit Risk**

The investment policy of the TA contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represents 5 percent or more of total investments beyond that stipulated by the California Government Code for fiscal years ended June 30, 2009 and 2008.

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

---

**NOTE #2 – DEPOSITS AND INVESTMENTS (continued)**

**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 TA 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 TA will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the TA's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure the TA deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. The bank balance reported by the TA includes its share in the managing agency's (the District) bank account balance. The credit risk for the District's bank balance is discussed in its CAFR.

**Fair Value of Investments**

Accounting pronouncement GASB Statement No. 31 applies to investments purchased with maturities greater than one year, investments in external investment pools (State of California LAIF & county treasury investment pools), mutual funds, and certain investment agreements. Generally, governmental entities need to report the fair value changes for these investments at year-end and record these gains or losses on their income statement.

**Methods and assumptions used to estimate fair value:** The TA maintains investment accounting records on amortized cost and adjusts those records to "fair value" on an annual basis. Unrealized gains and losses are recorded on an annual basis and the carrying value of its investments is considered "fair value". The TA's investment custodian provides market value on each investment instrument. The investments held by the TA are widely traded in the financial markets and trading values are readily available from numerous published sources. The TA has elected to report its money market investments (those investments with maturities of less than one year) at amortized cost adjusted to fair value on an annual basis.

**San Mateo County Treasurer's Investment Pool:** The TA holds investments in the County Pool that are subject to adjustment to "fair value". The TA is required to disclose its methods and assumptions used to estimate the fair value of its holdings in the County Pool. The TA relied upon information provided by the County Treasurer in estimating the TA's fair value position of its holdings in the County Pool. The TA had a contractual withdrawal value of \$ 339,905,958 and \$450,026,534 at June 30, 2009 and 2008, respectively, that is recorded at \$338,828,171 and \$446,980,187 on the balance sheet after the adjustment for unrealized gains/losses for years ending 2009 and 2008, respectively. The fair value change in these investments for the year just ended is shown as unrealized gain/losses in the income statement via inclusion in the amount of Investment Income.

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

---

***NOTE #2 – DEPOSITS AND INVESTMENTS (continued)***

The San Mateo County Treasurer's Investment Pool is a governmental investment pool managed and directed by the elected San Mateo County Treasurer. The County Pool is not registered with the Securities and Exchange Commission. An oversight committee comprised of local government officials and various participants provide oversight to the management of the fund. The daily operations and responsibilities of the pool fall under the auspices of the County Treasurer's office. The TA is a voluntary participant in the investment pool.

On September 15, 2009, Lehman Brothers Holdings filed for Chapter 11 bankruptcy protection. The San Mateo County Pool portfolio included \$155 million of Lehman Brothers Holdings investments at the time, in both commercial paper and floating rate securities. The County Pool wrote off these investments as of September 30, 2009 consequently showing a loss of \$155 million out of the total portfolio of approximately \$2.6 billion. The TA had approximately \$453 million invested through the County Pool as of September 30, 2009 and therefore incurred its percentage share of this loss on October 1, 2009. The loss the TA incurred was approximately \$25.0 million. All funds recovered by the County Pool will be distributed to the pool participants in proportion to their participation in the loss. The most current projected recovery value received by the TA is \$0.17 on the dollar. Based on the TA's participation rate, this equates to approximately \$4.3 million. However, this amount will fluctuate until Lehman Brothers' bankruptcy proceedings are finalized.

**State of California State Treasurer's Local Agency Investment Fund (LAIF):** The TA holds an investment in LAIF that is subject to "fair value" adjustments. The TA is required to disclose its methods and assumptions used to estimate the fair value of its holdings in LAIF. The TA relied upon information provided by the State Treasurer in estimating the TA's fair value position of its holdings in LAIF. The TA had a contractual withdrawal value of \$5,402 and \$4,943 at fiscal years ending 2009 and 2008, respectively.

The LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The TA is a voluntary participant in the investment pool.

***NOTE #3 – SALES TAX RECEIVABLE***

Sales tax receivable consists of sales tax due from the State Board of Equalization for the quarter ended June 30, 2009.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE #4 – INTEREST RECEIVABLE**

Interest receivable at June 30, 2009 and 2008 are as follows:

	2009	2008
Interest due from deposits and investments	\$ 2,377,673	\$ 3,478,768
Total reported on Governmental Funds Statements	2,377,673	3,478,768
Accrued interest on note receivable	330,786	174,127
Total reported on Government-wide Statements	<u>\$ 2,708,459</u>	<u>\$ 3,652,895</u>

**NOTE #5 – NOTE RECEIVABLE**

On December 27, 2007, the TA transferred 174,047 square feet of development and railroad corridor property owned by the TA and located at the northeast corner of Holly Street and El Camino Real in the City of San Carlos to the District. The property was originally acquired by the TA for a grade separation project but eventually became excess property. The development portion of the property was transferred in exchange for a promissory note of \$4,343,404 and the railroad corridor property was transferred at no cost; however, the District is obligated to transfer half its interest in the railroad corridor property to the JPB as San Mateo County's share of contributions for future capital projects. The District is required to pay interest on the note at the current rate of return earned by the TA on its investment portfolio until the principal is paid in full and is permitted to pay the principal of the note over time before December 1, 2033. See *Note #7 – Capital Assets*.

**NOTE #6 – OTHER RECEIVABLES**

Other receivables at June 30, 2009 and 2008, consist of amounts owed by other government agencies and miscellaneous receivable as follows:

	2009	2008
Metropolitan Transportation Commission	\$ 1,109,462	\$ 725,407
San Mateo County Transit District	26,273	92,657
Peninsula Corridor Joint Powers Board	58,268	52,971
Alameda County Transportation Improvement Authority	379,759	128,808
Santa Clara Valley Transportation Authority	293,371	128,600
California State Department of Transportation	1,211,041	68,628
Other	5,818	-
Total Other Receivables	<u>\$ 3,083,992</u>	<u>\$ 1,197,071</u>

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE #7 – CAPITAL ASSETS**

Capital asset activities for the year ended June 30, 2009 are as follows:

	Balance at July 1, 2008	Additions	Deletions	Balance at June 30, 2009
Capital Assets - Land	\$ 13,590,975	\$ -	\$ -	\$ 13,590,975

Land represents the cost of right of way acquisitions for future grade separation projects, as well as for corridor preservation purposes. On December 27, 2007, the TA conveyed right of way on the land located on Holly Street to the District for a promissory note of \$4,343,404. The original acquisition cost of the property was \$4,570,000. See *Note#5 – Note Receivable*.

**NOTE #8 – ACCOUNTS PAYABLE**

Accounts payable at June 30, 2009 and 2008 are as follows:

	2009	2008
Salaries and benefits	\$ 129,889	\$ 277,511
Capital project	324,662	35,016
Shuttle program	243,007	152,802
Paratransit program	289,695	926,564
Caltrain	878,519	-
Other	143,252	5,931
Total reported on Government-wide Statements	\$ 2,009,024	\$ 1,397,824

**NOTE #9 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2009 and 2008 are as follows:

	2009	2008
Disbursements to local entities for transportation projects	\$ 2,538,973	\$ 3,065,111
Capital projects	5,898,839	5,070,255
TSM programs	-	40,229
BART	194,847	-
Other	49,191	41,146
Total	\$ 8,681,850	\$ 8,216,741



**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE #10 – LONG-TERM LIABILITIES**

**Cumulative Rebate Liability**

The cumulative rebate liability relates to arbitrage. Arbitrage is the excess of interest earned on unexpended tax-exempt bond proceeds over interest paid to bond holders. Federal tax law generally provides that the interest paid to bond holders is tax-exempt only if the issuer rebates any arbitrage earnings from investing bond proceeds to the federal government. The rebate is payable to the federal government every five years for as long as the bonds are outstanding. The first two five-year periods for the limited tax bonds ended on August 1, 2002 and August 1, 2007 when 90 percent of the current cumulative liability became due and was subsequently paid to the federal government.

As of June 30, 2008, the cumulative rebate liability as calculated by the bond counsel was \$224,256 and was recorded as a short-term liability in the government-wide financial statements. On June 1, 2008, the 1997 Series A Limited Tax Bonds matured. Therefore the balance of the cumulative rebate liability came due and was paid to the United States Treasury in July 2008.

**Loan from State**

The TA obtained a \$3,450,000 non-interest bearing loan from the State of California in FY 1995 to purchase property from Southern Pacific Transportation Company. The loan agreement required the TA to pay the full amount by December 31, 2009. In an updated agreement, Caltrans has granted the TA an extension of time through November 7, 2013 for the TA to repay the loan.

Summary of long- term liabilities as of June 30, 2009, are as follows:

	Balance at July 1, 2008	Adjustments/ Additions	Deletions	Balance at June 30, 2009
<b>GOVERNMENTAL</b>				
<b>ACTIVITIES</b>				
Cumulative rebate liability on arbitrage earnings	\$ 224,256	\$ -	\$ 224,256	\$ -
Loan payable to the State of California	3,450,000	-	-	3,450,000
<b>Total Long-term Liabilities</b>	<b>\$ 3,674,256</b>	<b>\$ -</b>	<b>\$ 224,256</b>	<b>\$ 3,450,000</b>

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

---

***NOTE #11 – NET ASSETS/FUND BALANCE***

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

*Invested in Capital Assets, Net of Related Debt* - This category groups all capital assets into one component of net assets. Outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

*Restricted Net Assets* - This category represents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The restricted net assets consist of the principal amount in the Paratransit Permanent Fund.

*Unrestricted Net Assets* - This category represents net assets of the TA available for projects and other purposes specified under Measure A. Of the \$419,007,816 unrestricted amount, \$167,207,482 has been appropriated for current Measure A projects as of June 30, 2009.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purpose. The term "reserved" is used to indicate that a portion of reported fund balance is legally restricted for a specific use or not available for appropriation or expenditure. The TA also "designates" portions of fund balance based on tentative spending plans. Should such plans change, the TA may shift the designated fund balance to other uses.

Reserved fund balances consist of the following:

- The reserve for Paratransit programs represents the principal amount in the Paratransit Permanent Fund. The management and oversight of this fund became the responsibility of the District in January 2009 per the 1988 Transportation Expenditure Plan.

The designated fund balance consists of the following:

- \$ 417,189,253 in the major Special Revenue Fund designated for projects and other purposes specified under Measure A. As of June 30, 2009, \$167,207,482 of this amount has been appropriated for current Measure A projects.
- The TSM Special Revenue Fund balance of \$594,373 is set-aside for TSM programs.

The designated fund balances may be redesignated by future Board resolution.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE #12 – INVESTMENT INCOME**

	<u>2009</u>	<u>2008</u>
Interest income	10,675,094	\$ 18,795,539
Net increase (decrease) in fair value of investments	<u>(22,924,226)</u>	<u>666,648</u>
Investment income - Statements of Activities (see below)	\$ (12,249,132)	19,462,187
Increase in long-term interest receivable	(156,659)	(174,127)
Increase/(decrease) in cumulative rebate liability	<u>(224,256)</u>	<u>(292,765)</u>
Investment income - Statements of Revenues, Expenditures and Changes in Fund Balance	<u>\$ (12,630,047)</u>	<u>\$ 18,995,295</u>
Investment income - Statements of Activities is reported below:		
Interest earned on the restricted \$25 million Paratransit reserve for allocations to Paratransit programs under Measure A	\$ -	\$ 1,148,898
Unrestricted investment earnings	<u>(12,249,132)</u>	<u>18,313,289</u>
	<u>\$ (12,249,132)</u>	<u>\$ 19,462,187</u>

**NOTE #13 – STAFF SUPPORT EXPENDITURE**

Staff support expenditures for the years ended June 30, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Salaries and benefits	\$ 400,857	\$ 453,668
Other related charges	-	842
Indirect costs	86,440	138,468
Total	<u>\$ 487,297</u>	<u>\$ 592,978</u>

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE #14 – CAPITAL OUTLAY**

The expenditures on public transportation projects during FY 2009 were \$53,524,062. Total expenditures on such projects from inception through June 30, 2009 and 2008 are as follows:

Capital Projects	2009	2008
Dumbarton Spur	\$ 26,683,994	\$ 20,881,290
Caltrain	135,170,076	125,557,985
Railroad Grade Separations	157,513,647	148,395,875
Streets and Highways	194,662,691	171,478,255
Oversight and Bicycle	4,323,814	2,931,154
Total	<u>\$ 518,354,222</u>	<u>\$ 469,244,559</u>

The Dumbarton Spur expenditures of \$26,683,994 were partially financed by a state loan of \$3,450,000. Of the total expenditures of \$518,354,222 for capital outlay, \$12,583,440 was funded by contributions from external entities.

**NOTE #15 – CONSTRUCTION COMMITMENTS**

At June 30, 2009 and 2008, the TA estimated the cost to complete the following unfinished projects:

Capital Projects	2009	2008
Dumbarton Spur	\$ 17,372,222	\$ 23,174,926
Caltrain	38,313,014	17,066,277
Railroad Grade Separations	24,587,688	31,705,459
Streets and Highways	83,248,922	93,633,358
Oversight and Bicycle	3,685,636	1,638,296
Total	<u>\$ 167,207,482</u>	<u>\$ 167,218,316</u>

**NOTE #16 – RISK MANAGEMENT**

The TA is not exposed to a significant number of risks, as its primary function is to receive and allocate one-half cent county sales tax. All projects funded by the TA are managed by lead agencies such, as Caltrain and various local agencies. The TA is indemnified from and against all liabilities, claims, and lawsuits arising out of or resulting from any acts or omissions by such agencies. During the audit period, the TA and its managing entity, the District, had an aggregate insurance coverage of \$100,000,000.

**REQUIRED SUPPLEMENTARY INFORMATION**

This page intentionally left blank.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>Fund Balance, Beginning of Year</b>	\$ 463,270,457	\$ 434,278,564	\$ 425,887,020	\$ 8,391,544
<b>Resources (inflows)</b>				
Sales tax	63,844,520	62,813,549	58,709,699	4,103,850
Investment income	10,992,470	(14,937,063)	(15,197,253)	260,190
Rental income	935,210	935,210	1,076,491	(141,281)
Grant proceeds	5,635,000	5,635,000	7,419,581	(1,784,581)
Amounts available for appropriation	81,407,200	54,446,696	52,008,518	2,438,178
<b>Charges to appropriations (outflows)</b>				
Program Administration				
Staff support	572,610	572,610	487,297	85,313
Board compensation	8,400	8,400	6,900	1,500
Professional and legal fees	148,000	148,000	169,792	(21,792)
Other services and supplies	74,767	74,767	58,861	15,906
Travel and meeting	11,000	11,000	9,799	1,201
Total program administration	814,777	814,777	732,649	82,128
Distributions to local entities	17,024,000	16,765,129	12,674,026	4,091,103
Caltrain shuttles program	1,360,942	1,360,942	1,339,250	21,692
Dumbarton corridor maintenance	383,185	383,185	242,089	141,096
Measure A information	31,500	31,500	13,169	18,331
Capital outlays	46,336,000	49,336,000	49,109,663	226,337
<b>Other Financing (Source) Use</b>				
Transfer in	-	(2,892,209)	(2,892,209)	-
Transfer out	-	9,676	9,676	-
Total charges to appropriations	65,950,404	65,799,324	61,228,313	4,580,687
<b>Fund Balance, End of Year</b>	<b>\$ 478,727,253</b>	<b>\$ 422,925,936</b>	<b>\$ 416,667,225</b>	<b>\$ 15,410,409</b>

**Explanation of differences between budgetary inflows and GAAP revenues**

Actual amounts available for appropriation - budgetary basis from above	\$ 52,008,518
Unrealized gains under GASB 31	3,200,175
Total revenues in the Statement of Revenues, Expenditures and Changes in Fund Balances - GAAP basis	<u>\$ 55,208,693</u>

The accompanying notes are an integral part of this required supplementary information

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULE  
JUNE 30, 2009**

---

***NOTE #1 – BUDGETS AND THE BUDGETARY PROCESS***

The TA Board adopts an annual operating budget in accordance with Section 131265(a) of the Public Utilities Code. Budget amounts may be revised by Board Resolutions. The budget adopted by the TA includes amounts for the major Special Revenue Fund. This fund's budget and actual revenues and expenditures are presented as required supplementary information. The basis the TA uses to prepare the budget is consistent with the basis used to reflect the actual revenues and expenditures, except that proceeds from sale of fixed assets and unrealized gains and losses under GASB Statement No. 31 are not included in the budget for the major Special Revenue Fund.

***NOTE #2 – EXPENDITURES IN EXCESS OF BUDGET***

Management is authorized to exceed budget for individual categories provided the total expenditures do not exceed the total budget.



## OTHER SUPPLEMENTAL INFORMATION

This page intentionally left blank.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2009 (WITH COMPARATIVE DATA AS OF JUNE 30, 2008)**

	Special Revenue			Debt Service Fund	Total Nonmajor Governmental Funds	
	Transportation Systems Management		Total		2009	2008
	Paratransit Fund	Fund				
<b>ASSETS</b>						
Cash and investments	\$ 164,120	\$ 538,151	\$ 702,271	\$ -	\$ 702,271	\$ 30,009,295
Receivables:						
Sales tax	389,695	77,423	467,118	-	467,118	-
Total Assets	<u>\$ 553,815</u>	<u>\$ 615,574</u>	<u>\$ 1,169,389</u>	<u>\$ -</u>	<u>\$ 1,169,389</u>	<u>\$ 30,221,979</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 553,815	\$ 14,872	\$ 568,687	\$ -	\$ 568,687	\$ 926,564
Accrued liabilities	-	-	-	-	-	40,229
Total Liabilities	<u>553,815</u>	<u>14,872</u>	<u>568,687</u>	<u>-</u>	<u>568,687</u>	<u>966,793</u>
<b>FUND BALANCES</b>						
Reserved	-	-	-	-	-	25,000,000
Unreserved:						
Designated	-	594,373	594,373	-	594,373	4,255,186
Total Fund Balances	<u>-</u>	<u>594,373</u>	<u>594,373</u>	<u>-</u>	<u>594,373</u>	<u>29,255,186</u>
Total Liabilities and Fund Balances	<u>\$ 553,815</u>	<u>\$ 609,245</u>	<u>\$ 1,163,060</u>	<u>\$ -</u>	<u>\$ 1,163,060</u>	<u>\$ 30,221,979</u>

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2009 (WITH COMPARATIVE DATA**  
**FOR THE YEAR ENDED JUNE 30, 2008)**

	Special Revenue Funds			Debt Service Fund	Total Nonmajor Governmental Funds	
	Transportation Systems		Total		2009	2008
	Paratransit Fund	Management Fund				
<b>REVENUES</b>						
Sales tax	\$ 1,071,259	\$ 241,485	\$ 1,312,744	\$ -	\$ 1,312,744	\$ -
Investment income	(632,969)	-	(632,969)	-	(632,969)	1,210,793
Total Revenues	438,290	241,485	679,775	-	679,775	1,210,793
<b>EXPENDITURES</b>						
Distributions to local entities	1,071,259	461,782	1,533,041	-	1,533,041	3,262,639
Excess of Revenues Over Expenditures	(632,969)	(220,297)	(853,266)	-	(853,266)	(2,051,846)
<b>OTHER FINANCING USES AND SOURCES</b>						
Transfer in	-	-	-	9,676	9,676	-
Transfer out	-	(2,807,547)	(2,807,547)	(84,662)	(2,892,209)	-
Total Other Financing Sources (Uses)	-	(2,807,547)	(2,807,547)	(74,986)	(2,882,533)	-
Net change in fund balances	(632,969)	(3,027,844)	(3,660,813)	(74,986)	(3,735,799)	(2,051,846)
Fund Balances, Beginning of Year	632,969	3,622,217	4,255,186	74,986	4,330,172	31,307,032
Fund Balances, End of Year	\$ -	\$ 594,373	\$ 594,373	\$ -	\$ 594,373	\$ 29,255,186

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund Balance, Beginning of Year</b>	\$ -	\$ -	\$ 74,986	\$ 74,986
<b>Resources (inflows)</b>				
Sales tax	-	-	-	-
Investment income	-	-	-	-
Amounts available for appropriation	-	-	-	-
<b>Charges to appropriations (outflows)</b>				
Bond principal payment	-	-	-	-
Bond interest expense	-	-	-	-
Other services	-	-	-	-
<b>Other Financing (Source) Use</b>				
Transfer in	-	-	(9,676)	(9,676)
Transfer out	-	-	84,662	84,662
Total charges to appropriations	-	-	74,986	74,986
<b>Fund Balance, End of Year</b>	\$ -	\$ -	\$ -	\$ -

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE PARATRANSIT FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund Balance, Beginning of Year</b>	\$ 912,792	\$ 812,533	\$ 632,969	\$ (179,564)
<b>Resources (inflows)</b>				
Sales tax	1,264,000	1,245,161	1,071,259	(173,902)
Interest income	846,090	(812,533)	(812,533)	-
Amounts available for appropriation	2,110,090	432,628	258,726	(173,902)
<b>Charges to appropriation (outflows)</b>				
Distributions to local entities	3,022,882	1,245,161	1,071,259	173,902
Total charges to appropriations	3,022,882	1,245,161	1,071,259	173,902
<b>Fund Balance, End of Year</b>	\$ -	\$ -	\$ (179,564)	\$ (179,564)
<b>Explanation of differences between budgetary inflows and GAAP revenues</b>				
Actual amounts available for appropriation - budgetary basis from above				\$ 258,726
Unrealized gains under GASB 31				179,564
Total revenues in the Statement of Revenues, Expenditures and Changes in Fund Balances - GAAP basis				\$ 438,290

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**TRANSPORTATION SYSTEMS MANAGEMENT FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund Balance, Beginning of Year</b>	\$ 547,574	\$ 3,622,217	\$ 3,622,217	\$ -
<b>Resources (inflows)</b>				
Sales tax	261,480	311,290	241,485	(69,805)
Amounts Available for Appropriation	261,480	311,290	241,485	(69,805)
<b>Charges to appropriations (outflows)</b>				
Distributions to local entities	669,800	661,387	461,782	199,605
<b>Other Financing (Source) Use</b>				
Transfer in	-	-	-	-
Transfer out	-	2,807,547	2,807,547	-
Total charges to appropriations	669,800	3,468,934	3,269,329	199,605
<b>Fund Balance, End of Year</b>	<b>\$ 139,254</b>	<b>\$ 464,573</b>	<b>\$ 594,373</b>	<b>\$ 129,800</b>

This page intentionally left blank.



# *Section III*

---

---

## **STATISTICAL**

### **Financial Trends**

- **Net Assets and Changes in Net Assets**
- **Governmental Funds Fund Balances and Changes in Fund Balances**

### **Revenue Capacity**

- **Revenue Base and Revenue Rate**
- **Principal Revenue Payers**

### **Debt Capacity**

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

### **Demographics and Economic Information**

- **Population and Income**
- **Unemployment Rates**
- **Principal Employers**

### **Operating Information**

- **Capital Outlay**
- **Employees**
- **Capital Assets**

This page intentionally left blank.

## **STATISTICAL SECTION**

The Statistical Section of the TA's CAFR presents detailed information as a context for understanding the information in the financial statements, notes disclosure, required supplementary information and other supplemental information and assessing the TA's economic condition.

### **Financial Trends**

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

### **Revenue Capacity**

These schedules contain information to assist readers in understanding and assessing the factors affecting the TA's ability to generate its most significant local revenue source, sales tax.

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**FINANCIAL TRENDS – NET ASSETS AND CHANGES IN NET ASSETS**  
**FISCAL YEARS 2003 THROUGH 2009 (in thousands)**

<b>Fiscal year</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>GOVERNMENTAL ACTIVITIES:</b>				
<b>PROGRAM REVENUES</b>				
Grade Separations	\$ 3,209	\$ 876	\$ 731	\$ 731
Paratransit	-	1,149	1,411	636
Dumbarton Spur	5,287	1,942	620	1,310
Caltrain Shuttle Program	-	-	-	-
<b>Total Program Revenues</b>	<b>8,496</b>	<b>3,967</b>	<b>2,762</b>	<b>2,677</b>
<b>PROGRAM EXPENDITURES</b>				
Upgrades and Extension	9,612	12,481	8,136	9,275
Grade Separations	9,118	4,525	1,867	5,016
Paratransit	26,071	2,780	2,542	2,358
Dumbarton Spur	6,045	2,286	852	1,595
BART	535	-	-	-
Caltrain	2,142	-	-	-
Distribution to local entities	12,674	13,734	13,240	12,762
Projects funding	24,577	31,634	19,928	6,690
Caltrain Shuttle Program	1,339	1,075	1,064	1,010
Transportation Systems Management	462	483	476	408
Program Administration	746	803	670	1,133
Interest on debt	-	379	764	1,121
<b>Total Program Expenditures</b>	<b>93,321</b>	<b>70,180</b>	<b>49,539</b>	<b>41,370</b>
<b>NET REVENUES (EXPENDITURES)</b>	<b>(84,825)</b>	<b>(66,213)</b>	<b>(46,777)</b>	<b>(38,692)</b>
<b>General revenues</b>				
Sales tax	60,022	68,670	66,202	63,811
Unrestricted investment earnings	(12,249)	18,313	20,564	9,549
Other income	-	(227)	-	161
<b>CHANGE IN NET ASSETS</b>	<b>(37,052)</b>	<b>20,543</b>	<b>39,989</b>	<b>34,829</b>
<b>Net Asset Components</b>				
Invested in capital assets, net of related debt	13,591	13,591	18,161	18,161
Restricted	-	25,000	35,413	35,403
Unrestricted	419,008	431,060	395,533	355,553
<b>NET ASSETS</b>	<b>\$ 432,599</b>	<b>\$ 469,651</b>	<b>\$ 449,107</b>	<b>\$ 409,117</b>

Source: CAFRs.

This table presents Governmental activity program revenues and expenditures, general revenues, sales tax and other income.

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**FINANCIAL TRENDS – NET ASSETS AND CHANGES IN NET ASSETS**  
**FISCAL YEARS 2003 THROUGH 2009 (in thousands)**

---

<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 878	\$ 713	\$ 542
692	51	1,195
507	158	174
86	-	-
2,163	922	1,911
14,436	3,624	8,544
4,698	1,398	776
880	2,836	3,042
649	1,314	477
-	-	-
-	-	-
11,991	11,079	10,971
10,427	18,559	14,708
712	835	623
400	392	414
551	509	583
1,458	1,917	2,088
46,201	42,464	42,226
(44,037)	(41,542)	(40,315)
59,953	55,394	54,855
9,591	1,089	16,856
1	1,054	296
25,509	15,995	31,692
18,161	11,505	11,505
35,395	35,395	35,398
320,732	295,224	279,226
\$ 374,289	\$ 342,124	\$ 326,129

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**FINANCIAL TRENDS – GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FISCAL YEARS 2000 THROUGH 2009 (in thousands)**

<b>Fiscal year</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>REVENUES</b>					
Sales tax	\$ 60,022	\$ 68,670	\$ 66,202	\$ 63,811	\$ 59,953
Investment income	(12,630)	18,995	21,985	10,306	10,400
Rental income	1,076	997	902	892	994
Grant proceeds	7,420	1,821	449	1,149	479
Non-operating reimbursements	-	-	-	-	-
Other income	-	-	-	-	-
<b>Total Revenue</b>	<b>55,888</b>	<b>90,483</b>	<b>89,538</b>	<b>76,159</b>	<b>71,825</b>
<b>EXPENDITURES</b>					
Administrative:					
Staff support	487	593	500	418	350
Board compensation	7	7	6	6	7
Professional and legal fees	170	148	112	115	122
Other services and supplies	59	37	51	63	39
Travel and meeting	10	9	5	4	6
Debt Service:					
Principal	-	8,855	8,475	8,115	7,780
Interest	-	407	789	1,146	1,480
<b>Subtotal</b>	<b>733</b>	<b>10,056</b>	<b>9,938</b>	<b>9,867</b>	<b>9,784</b>
Distributions to local entities	14,207	16,997	16,257	15,529	13,271
BART	536	-	-	-	-
Caltrain	2,143	-	-	-	-
Special allocation to Samtrans	25,000	-	-	-	-
Caltrain shuttles program	1,339	1,074	1,064	1,010	712
Dumbarton corridor maintenance	242	182	265	246	231
Measure A information	13	14	3	11	32
2004 Election	-	-	-	521	-
Capital outlay	49,110	50,745	30,518	22,330	29,979
<b>Total Expenditures</b>	<b>93,323</b>	<b>79,068</b>	<b>58,045</b>	<b>49,514</b>	<b>54,008</b>
<b>Excess Revenues Over Expenditures</b>	<b>(37,435)</b>	<b>11,415</b>	<b>31,493</b>	<b>26,644</b>	<b>17,817</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	2,902	-	-	-	-
Transfer out	(2,902)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change In Fund Balance</b>	<b>(37,435)</b>	<b>11,415</b>	<b>31,493</b>	<b>26,644</b>	<b>17,817</b>
<b>Fund Balance</b>					
Reserved	-	25,000	35,414	35,403	35,395
Unreserved	417,784	430,217	408,389	376,907	350,270
<b>Total Ending Fund Balance</b>	<b>\$ 417,784</b>	<b>\$ 455,217</b>	<b>\$ 443,803</b>	<b>\$ 412,310</b>	<b>\$ 385,665</b>

Source: CAFRs.

This table presents revenues, expenditures, other financing sources and changes in fund balance.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**FINANCIAL TRENDS – GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FISCAL YEARS 2000 THROUGH 2009 (in thousands)**

	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
\$	55,394	\$ 54,855	\$ 57,161	\$ 66,746	\$ 63,062
	1,251	17,672	17,712	21,674	11,219
	870	715	635	526	489
	1,060	293	-	-	-
	-	-	-	-	21
	-	4	1	358	2
	<u>58,575</u>	<u>73,538</u>	<u>75,509</u>	<u>89,304</u>	<u>74,792</u>
	359	450	480	374	381
	6	7	7	5	6
	89	61	52	53	63
	53	58	54	62	84
	7	7	7	5	4
	7,465	7,175	6,890	6,625	6,370
	1,794	2,088	2,371	2,636	2,890
	<u>9,773</u>	<u>9,846</u>	<u>9,861</u>	<u>9,759</u>	<u>9,797</u>
	14,307	14,428	13,925	16,250	14,393
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	835	623	176	-	-
	287	270	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	24,608	28,348	30,138	16,976	20,633
	<u>49,811</u>	<u>53,514</u>	<u>54,100</u>	<u>42,985</u>	<u>44,824</u>
	<u>8,765</u>	<u>20,024</u>	<u>21,409</u>	<u>46,319</u>	<u>29,968</u>
	1,795	2,091	-	2,300	-
	<u>(1,795)</u>	<u>(2,091)</u>	<u>-</u>	<u>(2,300)</u>	<u>-</u>
	-	-	-	-	-
	<u>8,765</u>	<u>20,024</u>	<u>21,409</u>	<u>46,319</u>	<u>29,968</u>
	35,395	35,398	35,397	35,389	35,655
	332,454	323,686	303,663	282,262	235,677
\$	<u><u>367,849</u></u>	<u><u>359,084</u></u>	<u><u>339,060</u></u>	<u><u>317,651</u></u>	<u><u>271,332</u></u>

This page intentionally left blank.



**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**REVENUE CAPACITY – REVENUE BASE AND REVENUE RATE**  
**FISCAL YEARS 2000 THROUGH 2009 (in thousands)**

<b>Fiscal year ended</b>	<b>Special Revenue Fund</b>		
	<b>Reserved</b>	<b>Designated</b>	<b>Total</b>
2009	\$ -	\$ 417,189	\$ 417,189
2008	-	425,887	425,887
2007	8,031	402,081	410,112
2006	8,031	372,326	380,357
2005	8,031	345,281	353,312
2004	8,031	322,239	330,270
2003	8,031	308,509	316,540
2002	8,031	284,569	292,600
2001	8,031	262,535	270,566
2000	8,031	217,796	225,827

<b>Fiscal year ended</b>	<b>All Other Governmental Funds</b>		
	<b>Reserved</b>	<b>Designated</b>	<b>Total</b>
2009	\$ -	\$ 594	\$ 594
2008	25,000	4,330	29,330
2007	27,383	6,307	33,690
2006	27,372	4,580	31,952
2005	27,364	4,989	32,353
2004	27,364	10,215	37,579
2003	27,367	15,177	42,544
2002	27,366	19,094	46,460
2001	27,358	19,728	47,086
2000	27,336	18,169	45,505

Source: CAFRs.

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**REVENUE CAPACITY – REVENUE BASE AND REVENUE RATE**  
**FISCAL YEARS 2000 THROUGH 2009 (in thousands)**

---

<b>Fiscal year</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
The TA's Sales Tax Rate	0.5%	0.5%	0.5%	0.5%
Total Sales Tax Revenue	\$ 60,022	\$ 68,670	\$ 66,202	\$ 63,811
Total Taxable Sales in San Mateo County	\$ 12,004,489 <sup>[1]</sup>	\$ 13,733,921 <sup>[1]</sup>	\$ 13,326,306	\$ 12,900,391

Source: California State Board of Equalization

[1] Estimates for fiscal year 2008 and 2009 are based on sales tax revenue received.

This table presents total sales tax and total taxable sales in San Mateo County.

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**REVENUE CAPACITY – REVENUE BASE AND REVENUE RATE**  
**FISCAL YEARS 2000 THROUGH 2009 (in thousands)**

---

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
\$ 59,953	\$ 55,394	\$ 54,855	\$ 57,161	\$ 66,746	\$ 63,062
\$ 12,451,350	\$ 11,808,074	\$ 11,358,439	\$ 11,614,809	\$ 12,859,589	\$ 14,044,016

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**REVENUE CAPACITY – PRINCIPAL REVENUE PAYERS**  
**FISCAL YEARS 2009 AND 2001 (in thousands)**

<b>Principal Revenue Payers</b>	<b>2009</b>			<b>2001</b>		
	<b>Rank</b>	<b>Percent of Taxable Sales</b>	<b>Amount</b>	<b>Rank</b>	<b>Percent of Taxable Sales</b>	<b>Amount</b>
Total all other outlets	1	29.2%	\$ 3,937,226	1	33.7%	\$ 4,710,908
Other retail stores	2	11.4%	1,537,179	3	12.0%	1,680,495
Automobile, boat, motorcycle and plane	3	10.7%	1,438,850	2	13.2%	1,839,587
General merchandise stores	4	10.1%	1,358,858	4	9.0%	1,250,564
Eating/drinking	5	9.5%	1,276,493	5	7.2%	999,003
Service stations	6	7.9%	1,068,760	6	5.8%	813,817
Building materials and farm implements	7	6.0%	810,547	7	5.7%	794,908
Business and personal services	8	5.0%	668,717	8	4.5%	629,613
Home furnishings and appliances	9	3.8%	513,869	9	3.4%	479,495
Food stores	10	3.3%	445,192	10	3.0%	412,230
Apparel stores	11	3.2%	426,676	11	2.5%	350,957
<b>Total</b>		<b>100.0%</b>	<b>\$ 13,482,367</b>		<b>100.0%</b>	<b>\$ 13,961,577</b>

Source: California State Board of Equalization

This table ranks the top 11 principal tax payers by industry.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**DEBT CAPACITY – RATIOS OF OUTSTANDING BONDS**  
**FISCAL YEARS 2000 THROUGH 2009 (in thousands)**

<b>Fiscal Year</b>	<b>Limited Tax Revenue Bonds for SMCTA</b>	<b>Personal Income for San Mateo County</b>	<b>As a Percent of Personal Income</b>
2009	\$ -	\$ 53,413,393 [1]	0.00%
2008	-	51,857,663 [1]	0.00%
2007	8,855	50,347,246	0.02%
2006	17,330	46,881,900	0.04%
2005	25,445	42,846,390	0.06%
2004	33,225	39,408,618	0.08%
2003	40,690	36,466,977	0.11%
2002	47,865	36,736,603	0.13%
2001	54,755	39,395,344	0.14%
2000	61,380	41,730,460	0.15%

Note: Personal income data is from the U.S. Department of Commerce, Bureau of Economic Analysis, calendar year figures.

[1] Data for 2008 and 2009 is based on an estimated three percent annual increase over 2007.

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

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**DEBT CAPACITY – BONDED DEBT**  
**FISCAL YEARS 2000 THROUGH 2009 (in thousands)**

<b>Fiscal Year</b>	<b>Limited Tax Revenue Bonds for SMCTA</b>	<b>Total Taxable Sales in San Mateo County</b>	<b>As a Percent of Taxable Sales in San Mateo County</b>
2009	\$ -	\$ 12,004,489 <sup>[1]</sup>	0.00%
2008	-	13,733,921 <sup>[1]</sup>	0.00%
2007	8,855	13,326,306	0.07%
2006	17,330	12,900,391	0.13%
2005	25,445	12,451,350	0.20%
2004	33,225	11,808,074	0.28%
2003	40,690	11,358,439	0.36%
2002	47,865	11,614,809	0.41%
2001	54,755	12,859,589	0.43%
2000	61,380	14,044,016	0.44%

[1] 2008 and 2009 taxable sales are estimates based on sales tax revenues received.

Source: CAFRs & California State Board of Equalization

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

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
DEBT CAPACITY – DIRECT AND OVERLAPPING DEBT AND DEBT LIMITATION  
YEAR ENDED JUNE 30, 2009**

---

Enabling legislation (Measure A as approved by the voters in 1988 and reauthorized in 2004) specifically authorized the TA to issue limited tax bonds from time to time, not to exceed \$643,200,000. Limited tax bonds are secured by a gross pledge of the TA's 80 percent shares of the one-half cent Measure A sales tax revenues.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**DEBT CAPACITY – PLEDGED REVENUE COVERAGE**  
**FISCAL YEARS 2000 THROUGH 2009 (in thousands)**

<b>Fiscal Year</b>	<b>Pledged Sales Tax Revenue *</b>	<b>Debt Service</b>			<b>Coverage</b>
		<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2009	\$ 48,018	\$ -	\$ -	\$ -	-
2008	54,936	8,855	407	9,262	6
2007	52,962	8,475	789	9,264	6
2006	51,049	8,115	1,146	9,261	6
2005	47,962	7,780	1,480	9,260	5
2004	44,315	7,465	1,794	9,259	5
2003	43,884	7,175	2,088	9,263	5
2002	45,729	6,890	2,371	9,261	5
2001	53,397	6,625	2,635	9,260	6
2000	50,450	6,370	2,890	9,260	5

\* This amount represents 80 percent of the TA's total sales tax revenue from San Mateo County through December 31, 2008 and 77.5 percent as of January 1, 2009.

Source: CAFRs.

This table presents the relationship between total sales tax revenue, debt service payments and the TA's ability to meet its debt obligations. The bonds were fully paid in 2009 and accordingly, no revenues were pledged.



**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
 DEMOGRAPHICS AND ECONOMIC INFORMATION – POPULATION AND INCOME  
 FISCAL YEARS 2007 AND 2000**

	<b>2007</b>	<b>2000</b>	<b>Percentage Change 2000 - 2007</b>
<b>Total Population</b>	706,984	707,161	0.0%
<b>Persons Per Household</b>	2.82	2.74	2.9%
<b>Median Household Income</b>	\$ 82,913	\$ 70,819	17.1%
<b>Personal Income (in millions)</b>	\$ 50,347 <sup>[1]</sup>	\$ 41,730	20.7%
<b>Per Capita Income</b>	\$ 71,753 <sup>[1]</sup>	\$ 58,905	21.8%
<b>Minority Population:</b>			
Black	23,292	24,840	-6.2%
Hispanic	162,508	154,708	5.0%
Asian	170,528	141,684	20.4%
Native American	3,480	3,140	10.8%
<b>Total</b>	359,808	324,372	10.9%
<b>Percent of Minority Population to Total Population</b>	50.9%	45.9%	10.9%
<b>Population by Age:</b>			
4 years and younger	47,076	45,374	3.8%
5 to 17 years	157,575		N/A
5 to 19 years		131,912	N/A
18 to 64 years	409,243		N/A
20 to 64 years		441,790	N/A
65 Plus	93,090	88,085	5.7%
<b>Percent of Employed Residents to Total Population</b>	80.1%	52.9%	51.4%
<b>Percent of Residents Working Outside of San Mateo County</b>	42.9% <sup>[2]</sup>	41.8% <sup>[2]</sup>	2.6%
<b>Percent of People Commuting to San Mateo County for Work</b>	41.0% <sup>[3]</sup>	41.5% <sup>[2]</sup>	-1.2%

[1] Bureau of Economic Analysis, BEARFACTS 1997 - 2007, San Mateo, California [06081], most current information available.

[2] Metropolitan Transportation Commission

[3] San Francisco Business Times, "Transit agencies try to do more with less", August 29, 2008.

Source: United States Census Bureau, American Community Survey and Bureau of Economic Analysis.

This table highlights San Mateo County's total population, mean household income, per capita income, population by age and percentage of employed residents.

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
DEMOGRAPHICS AND ECONOMIC INFORMATION – UNEMPLOYMENT RATES  
FISCAL YEARS 2000 THROUGH 2009**

---

<b>Year</b>	<b>Unemployment Rates</b>
2009	9.0% <sup>[1]</sup>
2008	4.7%
2007	3.8%
2006	3.7%
2005	4.3%
2004	4.9%
2003	5.8%
2002	5.7%
2001	3.8%
2000	2.9%

[1] 2009 rate is as of June 2009.

Source: California Employment Development Department

This table presents the unemployment rates in San Mateo County for the past 10 years.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
 DEMOGRAPHICS AND ECONOMIC INFORMATION – PRINCIPAL EMPLOYERS  
 FISCAL YEARS 2009 AND 1999**

Employers in San Mateo County	2009			1999		
	Number of Employees	Rank	Percent of Total County Employment	Number of Employees	Rank	Percent of Total County Employment
United Airlines	9,600	1	2.76%	17,400	1	4.46%
Genentech Inc.	8,250	2	2.37%	2,839	7	0.73%
Oracle Corporation	5,642	3	1.62%	14,000	2	3.59%
County of San Mateo	5,443	4	1.56%	4,761	3	1.22%
Kaiser Permanente	3,780	5	1.09%			
Safeway Inc.	2,273	6	0.65%	1,973	10	0.51%
Electronic Arts	2,000	7	0.57%			
San Mateo County Community College District	1,950	8	0.56%			
Mills-Peninsula Health	1,800	9	0.52%			
United States Postal Service	1,671	10	0.48%	2,937	4	0.75%
Raychem Corporation				2,900	5	0.74%
American Airlines				2,700	8	0.69%
Franklin Templeton Corporation				2,849	6	0.73%
CHW West Bay Hospital				2,373	9	0.61%
<b>Total</b>	<b>42,409</b>		<b>12.18%</b>	<b>54,732</b>		<b>14.03%</b>

Source: County of San Mateo.

This table presents the top 10 principal employers in San Mateo County for 2009 and 1999.

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**OPERATING INFORMATION – CAPITAL OUTLAY**  
**FISCAL YEARS 2000 THROUGH 2009 (in thousands)**

---

<b>Cumulative Capital Outlay</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Dumbarton Spur	\$ 26,684	\$ 20,881	\$ 18,777	\$ 18,190
Caltrain-Downtown Extension	135,170	125,558	113,077	104,941
Railroad Grade Separations	157,514	148,396	143,871	142,003
Streets and Highways	194,663	171,478	140,360	120,900
Oversight and Bicycle	4,324	2,931	2,415	1,947
Total	<u>\$ 518,355</u>	<u>\$ 469,244</u>	<u>\$ 418,500</u>	<u>\$ 387,981</u>

Source: CAFRs

This table presents the total cumulative capital outlay on public transportation projects for the past 10 years.

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**OPERATING INFORMATION – CAPITAL OUTLAY**  
**FISCAL YEARS 2000 THROUGH 2009 (in thousands)**

---

<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
\$ 16,841	\$ 16,377	\$ 15,350	\$ 15,143	\$ 7,863	\$ 7,847
95,666	81,322	77,699	69,154	61,697	53,209
136,987	125,647	124,249	120,082	115,255	112,019
114,399	102,752	84,825	69,651	59,077	53,840
1,758	962	330	73	73	73
<u>\$ 365,651</u>	<u>\$ 327,060</u>	<u>\$ 302,453</u>	<u>\$ 274,103</u>	<u>\$ 243,965</u>	<u>\$ 226,988</u>

This page intentionally left blank.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
OPERATING INFORMATION – EMPLOYEES  
FISCAL YEARS 2002 THROUGH 2009**

<b>DIVISION</b>	<b>FULL-TIME EQUIVALENTS</b>							
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
<b>EXECUTIVE</b>	0.80	0.60	0.60	-	-	-	0.40	0.82
<b>ADMINISTRATION</b>	0.80	0.15	0.10	0.19	0.19	0.12	0.40	0.36
<b>COMMUNICATIONS</b>	0.75	0.90	1.00	1.95	3.27	1.69	0.28	0.35
<b>DEVELOPMENT</b>	11.14	8.00	8.83	6.12	4.99	5.66	6.44	6.87
<b>FINANCE</b>	0.90	0.80	1.05	1.03	3.07	3.25	2.75	3.21
<b>OPERATIONS</b>	0.25	0.15	0.20	0.21	0.19	0.59	-	-
<b>TOTAL EMPLOYEES</b>	<b>14.64</b>	<b>10.60</b>	<b>11.78</b>	<b>9.50</b>	<b>11.71</b>	<b>11.31</b>	<b>10.27</b>	<b>11.61</b>

Note: Employee counts are for full-time equivalents (FTEs) charged to the TA. Data for 2000 through 2001 was not available.

Source: TA's annual operating and capital budgets.

This table presents total full-time equivalents by division.

---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**OPERATING INFORMATION – CAPITAL ASSETS**  
**FISCAL YEARS 2000 THROUGH 2009 (in thousands)**

---

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Capital Assets:					
Land	\$ 13,591	\$ 13,591	\$ 18,161	\$ 18,161	\$ 18,161
Furniture and equipment	-	-	-	-	-
Total	<u>\$ 13,591</u>	<u>\$ 13,591</u>	<u>\$ 18,161</u>	<u>\$ 18,161</u>	<u>\$ 18,161</u>

Source: CAFRs.

This table presents capital assets for the past 10 years.



---

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**OPERATING INFORMATION – CAPITAL ASSETS**  
**FISCAL YEARS 2000 THROUGH 2009 (in thousands)**

---

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 11,505	\$ 11,505	\$ 8,115	\$ 3,746	\$ 3,641
-	-	-	40	40
<u>\$ 11,505</u>	<u>\$ 11,505</u>	<u>\$ 8,115</u>	<u>\$ 3,786</u>	<u>\$ 3,682</u>

This page intentionally left blank.

# *Section IV*

---

---

## **INTERNAL CONTROL AND COMPLIANCE**

**Auditor's Report on Internal Control, Compliance and Other Matters**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of the  
San Mateo County Transportation Authority  
San Carlos, California

We have audited the basic financial statements of the San Mateo County Transportation Authority (TA) of California, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 30, 2009. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered TA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the TA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the TA's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the TA's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the TA's financial statements that is more than inconsequential will not be prevented or detected by the TA's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the TA's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance

As part of obtaining reasonable assurance about whether the TA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Directors, management, federal granting agencies and the Controller of the State of California, and is not intended to be and should not be used by anyone other than these specified parties.

Vawrink Time Day + Co. LLP

Palo Alto, California  
November 30, 2009