

San Mateo County Transportation Authority
San Carlos, California



**Annual
Comprehensive
Financial Report**

Fiscal Year Ended June 30, 2025
With Comparative Totals for 2024



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SAN MATEO COUNTY
Transportation
Authority

San Carlos, California

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2025
(With Comparative Totals for 2024)

Prepared by the Finance Division

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San Mateo County Transportation Authority

San Carlos, California

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June 30, 2025

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San Mateo County Transportation Authority

Introductory – Section I

June 30, 2025

Introductory

Letter of Transmittal

GFOA Certificate of Achievement

Board of Directors

Executive Management

Organization Chart

Map

Table of Credits

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December 10, 2025

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

**Annual Comprehensive Financial Report
Year Ended June 30, 2025**

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the San Mateo County Transportation Authority (Transportation Authority) for the Fiscal Year July 1, 2024, through June 30, 2025. This transmittal letter includes the formal transmittal of the ACFR, a profile of the Transportation Authority, information useful in assessing the government's economic condition, awards, and acknowledgements.

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

Management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor's report.

Organizational Profile

Basic Information

San Mateo County, with a population of over 737,000, is located on a peninsula south of the City and County of San Francisco, bordered on the west by the Pacific Ocean, on the east by San Francisco Bay and on the south by the counties of Santa Clara and Santa Cruz. The voters of San Mateo County approved the creation of the Transportation Authority pursuant to the Bay Area County Traffic and Transportation Funding Act in June 1988, Measure A. This Measure A vote authorized a one-half cent county-wide sales tax levy. The Transportation Authority programs and allocates sales tax revenues to designated project sponsors that are responsible for delivering a broad spectrum of transportation projects and programs pursuant to a Transportation Expenditure Plan (TEP) over a period of 20 years. In November 2004, the voters reauthorized the levy of the sales tax with a new publicly developed Expenditure Plan containing transportation programs and projects to be implemented over an additional 25 years beyond the original expiration date of December 31, 2008. The 2004 TEP includes six program categories including:

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

In November 2018, San Mateo County voters approved Measure W, another sales tax measure that provides an additional half-cent transportation sales tax for 30 years to fund countywide transportation and traffic congestion solutions in San Mateo County. The San Mateo County Transit District (District), which serves as the managing agency for the Transportation Authority (see Administration section below), imposes the tax and administers the investments in the County Public Transportation Systems Program Category in the associated Measure W Congestion Relief Plan, which represents 50% of the proceeds. Measure W also provides that the District may designate the Transportation Authority to administer the other half of the revenues, which it has done. As a result of this designation, the Transportation Authority administers the remaining 50% of Measure W sales tax proceeds in the following five categories:

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

In total, the Transportation Authority programs and allocates funds for $\frac{3}{4}$ -cent sales tax; half-cent from the sales tax Measure A reauthorized in 2004, and $\frac{1}{4}$ -cent from the Measure W sales tax enacted in 2018.

San Mateo County Transportation Authority

Letter of Transmittal

June 30, 2025

The 2004 Measure A TEP requires the Transportation Authority to develop and adopt a Strategic Plan, which is to be updated at least once every five years. The Measure W Congestion Relief Plan also requires the Transportation Authority to prepare a Strategic Plan with extensive public outreach. The Transportation Authority's Board of Directors approved a single Strategic Plan in December 2024 to provide the policy guidance for the implementation of both the Measure A and Measure W transportation sales tax programs that the Transportation Authority is tasked with administering over the five years from 2025 to 2029.

Whenever possible, the Transportation Authority seeks to attract matching funds for measure A and/or W allocations, which grantees provide in the form of state, federal, local, private, and other funds. These efforts have led to effective partnerships between the Transportation Authority and various cities, county, state, and federal agencies involved in designing and completing transportation projects.

Interested readers may view the Measure A and Measure W TEPs as well as the Strategic Plan 2025-2029 online at <https://www.smcta.com/about-us/funding-overview> or by contacting:

Executive Officer
San Mateo County Transportation Authority
San Carlos Avenue
1250 San Carlos Avenue P.O. Box 3006
San Carlos, California 94070-1306

Governance

The Transportation Authority is governed by a seven-member Board of Directors with input from a 15-member volunteer Community Advisory Committee (CAC). 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, with 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 Transportation Authority, take necessary action to allocate Measure A and W funds, and review the progress of projects and programs funded in accordance with the TEPs.

San Mateo County Transportation Authority

Letter of Transmittal

June 30, 2025

The administrative work of the Transportation Authority is staffed by its managing agency, the District. The Transportation Authority Executive Director, who is also the District General Manager/Chief Executive Officer/ (GM/CEO), is responsible for overseeing the operations of the Transportation Authority. Day-to-day business is the responsibility of District staff who are fully dedicated to the *Transportation Authority* and are responsible for the oversight of voter-approved TEPs, strategic planning, project/program level planning, as well as project delivery and project oversight.

Currently, the District provides the following services in support of the Transportation Authority: The *Communications Division* is responsible for customer service and experience, government and community affairs, marketing, sales, advertising, distribution services, public information, fare media, media relations, digital communications and website development, creative services, and community outreach.

The *Executive Office* is responsible for providing support to the Board of Directors. This office also includes the Safety and Security function.

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

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

The *People and Culture Division* is comprised of the Office of Civil Rights (OCR), Employee and Labor Relations (ER), and Human Resources (HR) Services. OCR consists of Civil Rights and EEO; Diversity, Equity, Inclusion & Belonging (DEIB); Disadvantage and Small Business Enterprise (DBE/SBE) Administration; Contract (Labor) Compliance; and Title VI. ER consists of Employee and Labor Relations, Drugfree and Pull Notice Programs, Performance Management, and ADA Workplace Accommodations. Human Resources consists of Benefits, Classification and Compensation, Employee Services (Day-to-Day Administration), Human Capital Management System (HCM), HR Policies, Leave of Absences (LOA), Retirement, Talent Acquisition (Recruitment), Training and Development, HR Strategies, and Worker's Compensation.

The District's *Planning and Development Division* oversees real estate transactions and property management for TA-owned properties and right-of-way activities.

Component Units

The Transportation Authority is a legally separate and financially independent governmental agency similar to a special district that is not a component unit of the County of San Mateo, the District, or any other entity. This ACFR and the financial statements contained within represent solely the activities, transactions, and status of the Transportation Authority.

Budget

State law requires the Transportation Authority to adopt an annual budget by resolution of the Board of Directors. In the spring preceding the start of each Fiscal Year, staff presents a proposed annual budget to implement established agency goals, objectives, and performance measures to the Board of Directors.

The Board of Directors holds a budget hearing, and may choose to revise the proposed budget, and adopt the final annual budget. The Board of Directors then 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.

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

The Transportation Authority employs the same basis of controls and accounting principles for both budgeted and actual revenues and expenditures. Proceeds from the sale of capital assets, unrealized investment gains and losses, and inter-fund transfers are not included in the budget. Pursuant to procedures established in its enabling legislation, the Transportation Authority establishes an appropriation limit for each annual budget cycle. The appropriation limit for Fiscal Year 2025 was \$922 million.

Financial and Economic Outlook

The Bay Area continues to recover from the Covid-19 pandemic, with inflation slowing since its 2022 peak. From June 2024 to June 2025, Bay Area inflation was 1.5%, which was slower than the national average of 2.7%. This was largely due to a 3.7% drop in gasoline prices. Economists anticipate potential inflationary impacts from tariffs, though tariffs' scope and duration will determine the full extent of the impacts.

In the first half of calendar year 2025 (CY25), the Bay Area experienced job losses, especially in professional and business services, information technology, and financial activities. Economic growth in the second half of CY25 may be hindered by factors such as Federal Reserve interest rate policies, labor market performance, and challenges in the commercial and residential real estate sectors across San Francisco, San Mateo, and Santa Clara counties. The Federal Reserve's outlook forecasts a modest economic slowdown, with lower forecasts for Gross Domestic Product (GDP) growth and higher unemployment, alongside persistent inflation.

San Mateo County Transportation Authority

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According to the California Employment Development Department, San Francisco and San Mateo counties lost a combined 6,200 jobs, for a 0.5% decline, between June 2024 and June 2025. As in the first half of CY25, the sectors that were impacted the most were professional services, information technology, and financial activities, but these losses were partially offset by gains in private education, health services, and construction. During this period, the unemployment rate in the San Francisco - San Mateo metropolitan division rose from 3.8% to 4.2%, even as the civilian labor force grew by 0.4% (4,000 people). To mitigate the risk of a slowing labor market, the Federal Reserve adopted a stance of holding interest rates steady while signaling a readiness to adjust policy as needed, including potential future rate cuts, which aim to help boost the labor market.

Transportation Authority Programs and Initiatives

The goal of the Transportation Authority is to administer the proceeds from the voter approved Measures A and Measure W to fund a wide array of projects and programs to meet San Mateo County's growing

transportation needs. Long-term financial planning is crucial to accomplish this goal, and to ensure funds are expended in the most efficient and effective manner possible.

As noted previously, both Measure A and Measure W require the adoption of a Strategic Plan. As referenced above, December 2024, Transportation Authority adopted new Strategic Plan every five years as required by the tax measures, and the current Strategic Plan covering years 2025 through 2029 was approved by the Board in December 2024. The updated TA Strategic Plan can be viewed at <https://www.smcta.com/StrategicPlan2029>. The plan establishes a framework of policies to guide the decision-making process of prioritizing transportation projects and programs consistent with the goals and objectives of the TEPs and Countywide Transportation Plan.

Below are highlights of the program currently supported by Measure A and W:

Grade Separations

The 2004 Measure A TEP dedicates 15% of sales tax revenue toward improving safety and relieving local traffic congestion at railroad crossings. In addition, Measure W dedicates two and a half percent of sales tax revenue to augment the Measure A grade separation program. Due to the high cost of constructing railroad grade separations, the Transportation Authority Board limited the 2004 Measure A funding to four pipeline projects on a first-come-first-served basis. In addition, there is a set-aside of no more than \$5 million towards planning activities for grade separations beyond the four pipeline projects. As of June 2025, \$136 million of Measure A funds have been allocated toward grade separations. While no Measure W funds have been allocated to grade separations, Caltrain's Corridor Crossing Strategy and guidance from the Transportation Authority Board of Directors will influence how the TA invests Measure W Grade Separation Program funds.

Notable activities currently supported by Measure A include:

- Ongoing design of the Broadway Grade Separation Project in the City of Burlingame.
- Ongoing preliminary engineering and environmental clearance of the South Linden Street and Scott Avenue Grade Separation Project in the City of South San Francisco and City of San Bruno.

Accessible Services

Accessible Services are becoming a more critical component of providing mobility options for county residents who cannot utilize fixed-route transit as a result of a disability. The 2004 Measure A TEP dedicates 4% of the sales tax revenues to SamTrans for its annual Paratransit budget, providing an essential lifeline for the county's mobility-impaired population. This funding category has provided over \$58 million to SamTrans paratransit services since 2009.

Shuttles

The 2004 Measure A TEP dedicates 4% of sales tax revenues to support commuter and community shuttle programs in San Mateo County. In June 2025, the Board of Directors allocated \$13.6 million for 22 shuttles for Fiscal Years 2026 and 2027. To date, the Measure A program has allocated over \$57.7 million in funding for shuttle operations.

Alternative Congestion Relief

The Transportation Authority funds alternative congestion relief (ACR) programs aimed at reducing single occupancy vehicle (SOV) trips on congested freeways and busy city streets. These customized programs target both infrastructure problems and personal driving habits. ACR 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. The 2004 Measure A TEP sets aside 1% of Measure A proceeds for this category.

To date the Transportation Authority has provided a portion of its ACR funding to Commute.org, which serves seventeen cities. Commute.org is a joint powers authority in San Mateo County, and its mission is to reduce the number of vehicle miles traveled (VMT) by commuters to decrease congestion, improve the environment, and enhance quality of life. The Transportation Authority allocated \$708,000 in support of Commute.org's Fiscal Year 2025 general operations and \$118,000 toward the Countywide Transportation Demand Management (TDM) Monitoring Program. Commute.org's work plan concentrates on four primary activities:

- Employer outreach and support services
- Employer-based shuttle program administration
- Commuter outreach and incentive programs
- Development of public/private partnerships to reduce congestion

Measure W's Highway Congestion Improvements Category includes 4% for TDM/ACR programs, which is equivalent to 1% of the total Measure W program. In December 2024, the Board of Directors allocated \$2.1 million for nine projects selected through the 2024 Cycle 2 TDM Call for Projects.

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Notable TDM milestones include (either active or completed in FY25):

- Completion of the Countywide Shared, Connected, and Autonomous Vehicles Strategic Plan by the City/County Association of Governments of San Mateo County in partnership with the Transportation Authority.
- Completion of the Midcoast TDM Plan, “Connect the Coastside,” addressing the City of Half Moon Bay and Unincorporated San Mateo County.
- Completion of the 101/92 Mobility Hub and Smart Corridor Concept Plan by the City of San Mateo in partnership with the Transportation Authority and the District.
- Ongoing support of the Burlingame and Millbrae Bikeshare Program.

Pedestrian and Bicycle Programs

The 2004 Measure A TEP and Measure W Congestion Relief Plan make 3% and 5% of the taxes' respective revenues available for the Pedestrian and Bicycle Program. The purpose of the program is to fund specific projects to encourage and improve walking and bicycling conditions. Each TEP includes a partial list of candidate pedestrian and bicycle projects.

Funding decisions are made through a call for projects, when project review committees evaluate applications and projects based on a set of criteria that were approved as part of the adoption of the Strategic Plan. In December 2024, the Board of Directors allocated \$24.7 million for 24 projects selected through the 2024 Cycle 7 Pedestrian and Bicycle Program Call for Projects. Through June 30, 2025, the Transportation Authority has allocated \$68.3 million to pedestrian and bicycle projects and programs.

Notable bicycle and pedestrian project milestones include (either active or completed in FY25):

- On-going support for the Town of Atherton's El Camino Real Complete Streets Plan.
- On-going support for the design and construction of the Serramonte Boulevard West project in the Town of Colma.
- Completed construction of the Mission Streetscape project in the City of Daly City.
- Completed final design and right-of-way for the Pacific Coast Bikeway Connectivity Project North in the City of Half Moon Bay.
- Completed construction of the Haven Avenue Streetscape project in the City of Menlo Park.

Highway Program

The 2004 Measure A TEP provides 27.5% of its sales tax receipts for highway projects, while Measure W added another 22.5% of its sales tax receipts for highway projects. In June 2020, the Transportation Authority adopted an updated Short-Range Highway Plan and companion Capital Improvement Program to help guide highway program investment decisions for the next 10 years. In December 2023, the Board of Directors allocated \$135.9 million to highway project sponsors to make specific project investments which are anchored to the goals of Measure A and the Core Principles of Measure W. The next highway Call for Projects is planned for adoption in December 2025. As of June 2025, the TA has allocated \$350 million to highway projects.

San Mateo County Transportation Authority

Letter of Transmittal

June 30, 2025

The following are examples of the types of projects funded under the highway program:

- Roadway safety improvements
- Highway throughput enhancements
- Interchange reconstruction
- Highway ramp modification
- Travel pattern forecasts
- Travel time information system
- Applying technology to help better manage traffic

Notable street and highway project milestones include (either active or completed in FY25):

- Start of the construction phase for the U.S. 101/SR 92 Area Improvement Project.
- On-going support for the environmental clearance phase for the U.S. 101/SR 92 Direct Connector Project.
- On-going final design and initiation of the right-of-way phase for the U.S. 101/Woodside Road Interchange Project.
- On-going support for the environmental clearance phase for U.S. 101 Managed Lanes North of I-380 Project.
- On-going support for the environmental clearance phase for El Camino Real (State Route 82) project in the Town of Colma and City of South San Francisco.

In support of the San Mateo U.S. 101 Express Lanes Project, the Transportation Authority issued \$100 million in bonds in 2020 to fund a loan to the San Mateo County Express Lanes Joint Powers Authority (SMCELJPA). In December 2024, the Transportation Authority made an early principal payment of \$6.3 million on the loan, reducing the outstanding principal to \$93.7 million. The next scheduled principal payment of \$8.7 million is due in 2030. Under the terms of the loan agreement, the SMCELJPA reimburses the Transportation Authority for interest and debt service costs, in addition to loan principal. While the Express Lanes between Interstate 380 and the Santa Clara County line are now fully operational, the Transportation Authority continues to monitor the financial performance of the project in coordination with the SMCELJPA.

Ferry

The 2004 Measure A TEP stipulates that 2% of sales tax revenue be dedicated to San Mateo County ferry services. The purpose of the program is to fund cost-effective ferry service to South San Francisco and Redwood City. The two eligible cities agreed to a 50/50 funding share split of this revenue. Measure A funds were used toward the construction of the South San Francisco Ferry terminal, which opened in 2012. As of June 2025, a total of \$12.6 million has been allocated toward ferry projects from Measure A. The program is currently supporting the planning and design of a second terminal in South San Francisco and the environmental phase of a new terminal at the Port of Redwood City.

Notable ferry projects supported by Measure A:

- Ongoing feasibility study for a second ferry terminal in South San Francisco.
- Ongoing preliminary engineering and environmental clearance for the Redwood City Ferry Terminal.

Local Streets/Transportation Programs

The 2004 Measure A TEP requires the Transportation Authority to allocate 22.5% 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 Measure W Congestion Relief Plan also dedicates 10% of that tax revenue to this category. In the Fiscal Year 2025 adopted budget, local agencies received \$38.3 million from both Measures, and recipients of these funds primarily use them for street rehabilitation projects.

Regional Transit Connections

The Measure W Congestion Relief Plan provides for 10% of tax revenues to be invested in infrastructure and services that are designed to improve transit connectivity between San Mateo County and the rest of the nine-county Bay Area region. Investments from this category will be prioritized based on a project's ability to reduce congestion and enhance mobility options by connecting the County to the rest of the region, and a project's support through public-private partnership. This program is somewhat unique in that it can fund a variety of transit modes. In October 2024, the Board of Directors adopted the Regional Transit Connections (RTC) and Capital Improvement Plan that will guide the competitive selection process for the Regional Transit Connections Program. The Transportation Authority released its first RTC Call for Projects in April 2025 and allocated \$69.7 million to 11 projects in June 2025.

Notable awarded projects include:

- Construction of new fare gates for all BART stations in San Mateo County.
- Support for the planning, environmental clearance, and final design phase of the SamTrans Dumbarton West Connector project.
- Support for the environmental clearance and preliminary design phase of the Caltrain Redwood City 4-Track Station project.

Caltrain

The 2004 Measure A TEP established a category to help subsidize San Mateo County's share of the Peninsula Corridor Joint Powers Board (JPB) annual operating and capital funding needs. 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. As of June 2025, the Transportation Authority has allocated \$168 million for Caltrain.

Projects funded for Caltrain include:

- Peninsula Corridor Electrification Project
- Installation of quad crossing gates at Watkins Avenue in the Town of Atherton
- Planning studies to support new capital projects and operations
- State of good repair projects for:
 - Rail and associated civil structures
 - Bridges
 - Signal and communications systems
 - Facilities
 - Vehicles

Awards and Acknowledgments

The staff and contracted firms of the Transportation Authority bring an effective combination of skill, experience, and dedication to carrying out the Transportation Authority'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 expect sales tax growth to decline slightly in FY25 due to the uncertainty amid tariffs and shifts in policies, the Transportation Authority expects the continued enthusiasm and dedication of its professionals to meet the transportation challenges of the future.

The Government Finance Officers Association (GFOA) recognized the Transportation Authority's Fiscal Year 2024 Annual Comprehensive Financial Report for excellence in financial reporting and the Certificate of Achievement appears immediately following this transmittal letter. To be awarded a certificate, a report must be easy to read and efficiently organized, while satisfying both generally accepted accounting principles and applicable legal requirements. We believe our Fiscal Year 2025 Annual Comprehensive Financial Report also meets the requirements for a Certificate of Achievement, and we will submit it to the GFOA for evaluation. We would like to thank our independent audit firm, Eide Bailly LLP, for its timely and expert guidance in this matter.

An Annual Comprehensive 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 members of the Board of Directors for their interest and support in the development and maintenance of a reliable financial management and reporting system.

Respectfully,



April Chan
Executive Director



Kate Jordan Steiner
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**San Mateo County Transportation Authority
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

San Mateo County Transportation Authority

Board of Directors

June 30, 2025

CARLOS ROMERO, CHAIR

JULIA MATES, VICE CHAIR

NOELIA CORZO

ANDERS FUNG

RICO E. MEDINA

MARK NAGALES

JACKIE SPEIER

San Mateo County Transportation Authority

Executive Management

June 30, 2025

EXECUTIVE DIRECTOR

April Chan

EXECUTIVE OFFICERS

David Santoro – Deputy General Manager/CEO

Kate Jordan Steiner - Chief Financial Officer

David Olmeda - Chief Operating Officer, Bus

Emily Beach - Chief Communications Officer

Nate Kramer - Chief People & Culture Officer

Mehul Kumar - Chief Information & Technology Officer

Peter Skinner - Executive Officer, Transportation Authority

Josh Mello - Executive Officer, Planning & Development

Margaret Tseng - Executive Officer, District Secretary

GENERAL COUNSEL

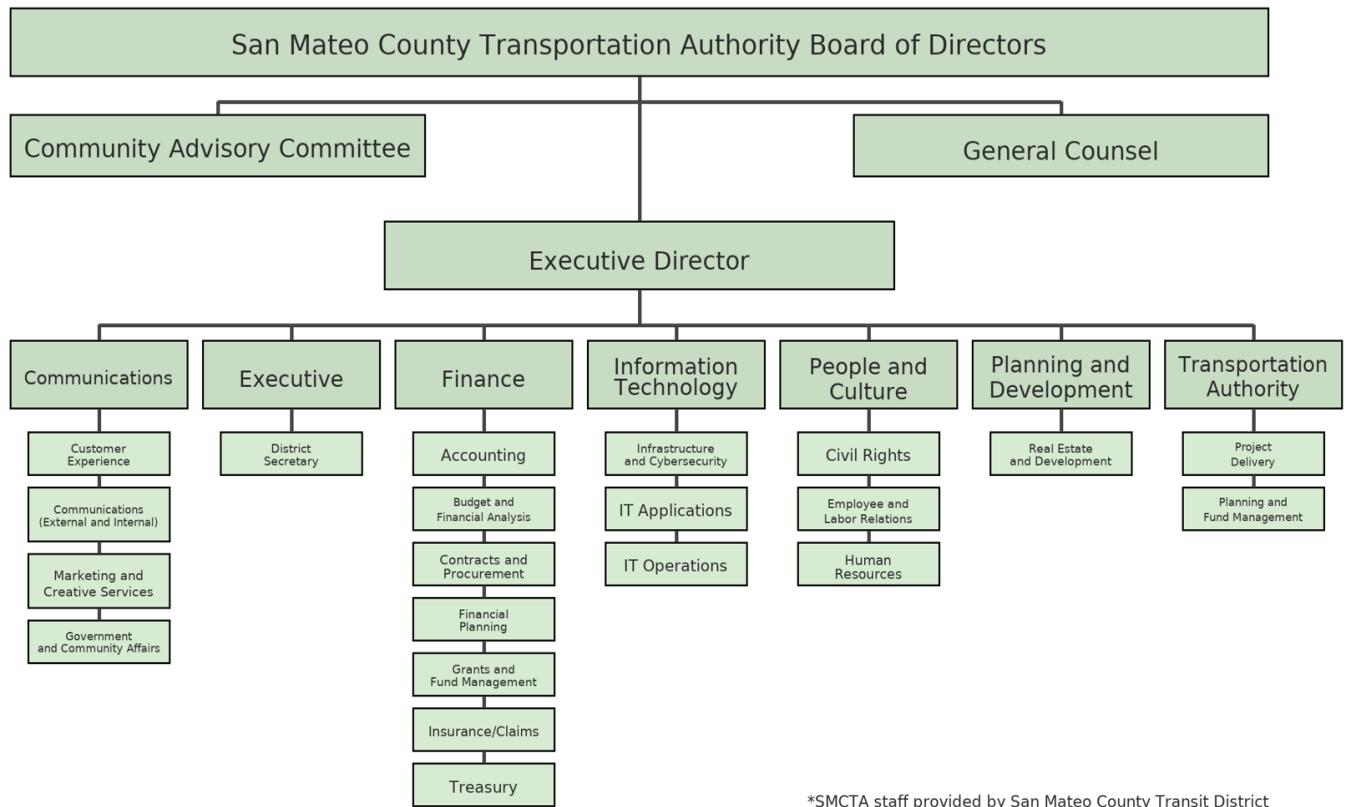
Hanson Bridgett LLP

Joan Cassman, Esq.

San Mateo County Transportation Authority

Organization Chart

June 30, 2025



*SMCTA staff provided by San Mateo County Transit District

SAN MATEO COUNTY, CALIFORNIA



San Mateo County Transportation Authority

Table of Credits

June 30, 2025

Table of Credits

The following individuals contributed to the production of the Fiscal Year 2025 Annual Comprehensive Financial Report:

Finance:	Chief Financial Officer Director, Accounting Manager, Financial Reporting Manager, Financial Projection & Analysis Manager, Treasury Debt & Investment Senior Accountant	Kate Jordan Steiner Annie To Danny Susantin Hank Peng Adela Alicic Jean You
Transportation Authority:	Executive Officer Director, Planning and Fund Management	Peter Skinner Patrick Glister
Audit Firm:	Partner Senior Manager	Ahmad Gharaibeh, CPA Joe Escobar, CPA CGFM

San Mateo County Transportation Authority

Financial – Section II

June 30, 2025

Financial

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

Required Supplementary Information

Supplementary Information



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities and the general fund of the San Mateo County Transportation Authority (Transportation Authority) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Transportation Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Transportation Authority, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Prior-Year Comparative Information

We have previously audited the financial statements of the Transportation Authority as of and for the year ended June 30, 2024, and we expressed unmodified opinions on the respective financial statements of the governmental activities and the general fund in our report dated December 22, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Transportation Authority's basic financial statements. The Expenditures of Capital Projects from Inception to Date are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Expenditures of Capital Projects from Inception to Date are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2025 on our consideration of the Transportation Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Transportation Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Transportation Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eric Baily LLP". The signature is fluid and cursive, with "Eric" and "Baily" connected, and "LLP" in a smaller, separate section.

Menlo Park, California

December 10, 2025

Management's Discussion and Analysis
June 30, 2025

**San Mateo County Transportation
Authority**

This discussion and analysis of the Transportation Authority's financial position addresses the Transportation Authority's activities for the fiscal year ended June 30, 2025, with comparisons to the fiscal year ended June 30, 2024. 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

- The assets and deferred outflows of resources of the Transportation Authority exceeded its liabilities and deferred inflows of resources on June 30, 2025 by \$934.0 million (net position). Of this amount, \$11.7 million represents net investment in capital assets and \$922.3 million represents restricted net position, which is restricted to congestion management programs.
- The Transportation Authority's total net position increased by \$128.5 million and \$131.9 million in fiscal years 2025 and 2024, respectively, mainly because of increase in cash and investments.
- As of June 30, 2025, the Transportation Authority's governmental fund reported a balance of \$1,016.0 million, an increase of \$122.3 million in comparison with the prior year. This amount mostly represents restricted fund balance for Congestion Management including Measure A and Measure W projects.

Overview of the Financial Statements

The Financial Section of this report presents the Transportation Authority'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 financial statements.

Government-wide Financial Statements

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

The *Statement of Activities* reports on the change in net position 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 separately as general revenues. The Transportation Authority reports all changes in net position 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. The Transportation Authority reports on one major fund only. The Transportation Authority uses fund accounting to ensure compliance with various legal requirements, such as the annually adopted budget. Accordingly, certain financial schedules in this report provide a comparison between budgeted and actual amounts.

The Transportation Authority classifies all 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 position. This information is useful for evaluating the Transportation Authority's current financing requirements.

The Transportation Authority has only one General Fund:

- The *General Fund* which accounts for the proceeds of the one-half cent county sales tax and the TA's share of the half cent Measure W sales tax. These funds are legally restricted to expenditures for specific transportation improvement projects authorized in an initiative approved by San Mateo County voters. These initiatives are referred to as *Measure A* and *Measure W* and the list of eligible projects can be found in the *Measure A Transportation Expenditure Plans and Measure W Congestion Relief Plan*.

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to fully understand the *government-wide* and *fund* financial statements. These notes begin immediately following the financial statements to which they refer.

Other Information

This report also presents certain *required supplementary information* concerning compliance with the Transportation Authority's annual budget for the *General Fund* which is the Transportation Authority's main operating fund and the equivalent of a *general fund*. This information and associated notes immediately follow the *financial statements* and their accompanying notes.

Government-wide Financial Analysis

At June 30, 2025, total assets were \$1,048.2 million, an increase of \$117.7 million or 12.6% from June 30, 2024. Cash and investments comprise \$902.8 million of this amount. With \$114.2 million in total liabilities, the Transportation Authority is in an excellent position to meet its obligations for current construction projects. As of the end of Fiscal Year 2025, existing encumbrances and expected future costs combined for current construction projects are estimated to total \$356.1 million.

Capital assets of \$11.7 million in 2025, which is approximately the same as of June 30, 2024.

The Transportation Authority 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 to which the Transportation Authority's grants were made. For more information on capital assets, please refer to Note #5- Capital Assets of the *Notes to the Financial Statements*.

San Mateo County Transportation Authority
Management's Discussion and Analysis
June 30, 2025

	Governmental Activities (in thousands)	
	2025	2024
Assets		
Current and other assets	\$ 1,036,512	\$ 918,855
Capital assets	<u>11,682</u>	<u>11,682</u>
Total assets	<u>1,048,194</u>	<u>930,537</u>
Liabilities		
Other liabilities	<u>114,226</u>	<u>125,058</u>
Total liabilities	<u>114,226</u>	<u>125,058</u>
Deferred Inflows of resources		
Deferred inflows related to leases	<u>-</u>	<u>56</u>
Net Position		
Net investment in capital assets	<u>11,682</u>	<u>11,682</u>
Restricted	<u>922,286</u>	<u>793,741</u>
Total net position	<u>\$ 933,968</u>	<u>\$ 805,423</u>

Total assets increased by \$117.7 million or 12.6% to \$1,048.2 million. Total liabilities decreased by \$10.8 million or 8.7% to \$114.2 million. Deferred inflows of resources decreased by \$0.1 million or 100.0% from the prior year, resulting in zero deferred inflows reported for the current year.

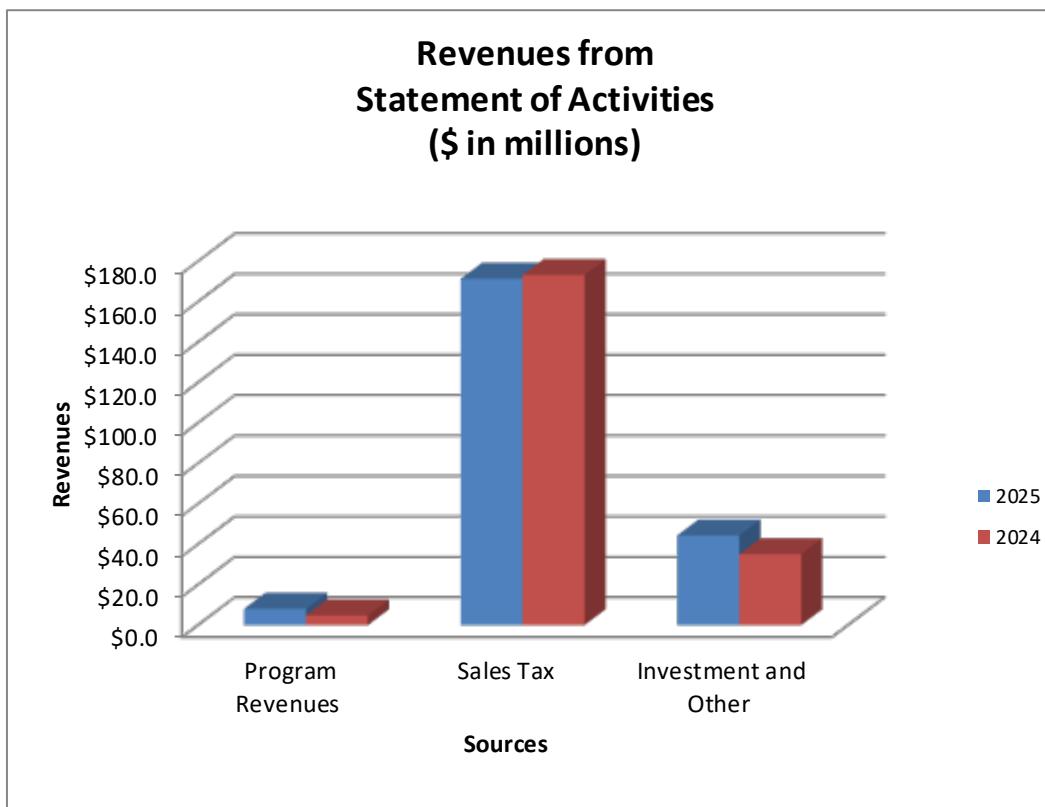
Net position increased by \$128.5 million or 16.0% to \$934.0 million, at June 30, 2025, as a result of total revenues exceeding total expenses in 2025.

	Governmental Activities (in thousands)	
	2025	2024
Revenues		
Program revenues		
Charges for services	\$ 1,630	\$ 1,251
Operating grants/contributions	6,462	3,557
General revenues		
Sales tax	171,421	173,258
Investment earnings (loss) and others	<u>44,395</u>	<u>35,099</u>
Total revenues	<u>223,908</u>	<u>213,165</u>
Expenses		
Public transit	28,856	23,232
Streets and highways	60,094	51,641
Others, including debt related	<u>6,413</u>	<u>6,350</u>
Total expenses	<u>95,363</u>	<u>81,223</u>
Change in net position	128,545	131,942
Net position - beginning	805,423	673,481
Net position - ending	<u>\$ 933,968</u>	<u>\$ 805,423</u>

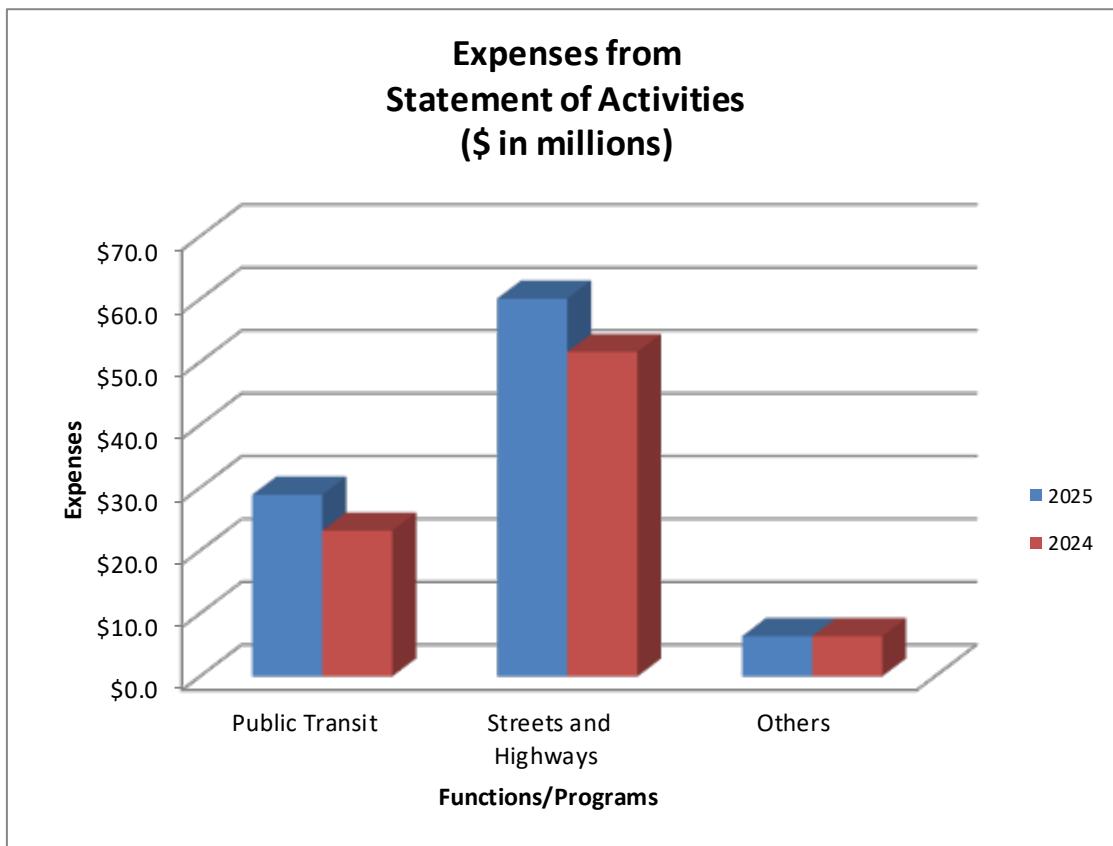
Governmental Activities

Total expenses for governmental activities were \$95.4 million in 2025, an increase of \$14.4 million or 17.4% compared to 2024. The functional components of total expenses are public transit (30.3%), streets and highways (63.0%) and other programs, including debt payments (6.7%). The following are the highlights of the Transportation Authority's governmental activities:

- Sales tax revenue decreased by \$1.8 million or 1.1% to \$171.4 million in 2025 from 2024. The decrease was primarily driven by persistent inflationary pressures, rising unemployment, tariff impacts, and overall economic uncertainty. Higher interest rates, increased costs of utilities, food, and other necessities reduced consumer confidence and spending on discretionary items, while policy shifts and elevated business operating costs further contributed to the decline.
- Investment income and other revenues increased by \$9.3 million or 26.5% to a net income of \$44.4 million in 2025 from 2024. The increase was mainly due to higher interest rates along with interest earned from the maturity of term deposit.



- Expenses for public transit projects in 2025 increased by \$5.6 million or 24.2% to \$28.9 million compared to 2024. The increase was mainly driven by progression of capital projects such as upgrades and extensions projects.
- Spending for streets and highways in 2025 increased by \$8.5 million or 16.4% to \$60.1 million compared to 2024. The increases were mainly driven by phasing and associated expenses timing of capital projects such as 101 HOV Ln Whipple – San Bruno, FY 23/24 Cycle 6 Pedestrian and Bicycle Program Call for Projects, Route 1/Manor Drive Overcross and US 101/SR 92 Direct Connector project.



Financial Analysis of the Transportation Authority's Fund

The *General Fund* is the operating fund of the Transportation Authority. The fund balance reached \$1,016.0 million as of June 30, 2025, an increase of \$122.3 million or 13.7% from June 30, 2024. The increase was mainly due to more sales tax revenues received than the program had expenditures. The total fund balance at June 30, 2025 is restricted for debt service and Measure A and W projects, and is available for spending at the discretion of the Transportation Authority's Board of Directors in accordance with the Measure A Transportation Expenditure Plan and Measure W Congestion Relief Plan. Since the Transportation Authority principally passes funding through to other organizations, the most accurate indicator of the Transportation Authority's ability to meet its current and future obligations is a comparison of its fund balance to its future commitments. As of June 30, 2025, the estimated cost to complete on-going projects is \$356.1 million or 35.0% of total fund balance.

General Fund Budgetary Highlights

Generally Accepted Accounting Principles (GAAP) requires a discussion of the budget-to-actual performance for the general fund. The *General Fund* employs the same accounting basis and principles for both its budget and actual revenues and expenditure, except those proceeds from the sale of capital assets, unrealized investment gains and losses and inter-fund transfers are not included in the budget. Sales tax represented 85.5% of the *General Fund*'s total budgeted revenue for Fiscal Year 2025. Actual sales tax revenue for the year was \$171.4 million, which is less than the budget by \$5.6 million or 3.2%. Total program expenses excluding capital outlay, other services and supplies and staff support for the *General Fund* were slightly over budget.

San Mateo County Transportation Authority

Management's Discussion and Analysis

June 30, 2025

The Transportation Authority spent \$45.3 million or 28.0% of its final 2025 budget for capital outlays, which included the cost of completing on-going capital projects. Since capital projects normally span more than one year, the Transportation Authority carries over unexpended budgets to succeeding years. However, to enhance understanding of the Transportation Authority's fund balance for the *General Fund*, the carry-over amount from 2024 is not included in the 2025 *Budgetary Comparison Schedule*.

Capital Projects

The Transportation Authority spent \$45.3 million on capital projects in 2025, an increase of \$14.7 million or 48.0% compared to 2024. Following are the major capital projects with associated expenses:

- SSF Caltrain Station project (\$5.1 million)
- San Mateo Local Share JPB CIP project (\$5.0 million)
- Broadway Grade Separation project (\$4.6 million)
- 101 HOV Ln Whipple - San Bruno (\$3.7 million)
- Ped/Bike Cycle 6 – FY23/24 project (\$2.9 million)
- Shuttles FY24-25 Funding project (\$2.6 million)
- US 101/SR 92 Direct Connector (\$2.6 million)
- 25th Ave Grade Separation (\$2.2 million)

More information on the Transportation Authority's project activity appears in the *Supplementary Information Projects since Inception* and *Construction Commitments* in the *Notes to the Financial Statements*.

Debt

In September 2020, the Transportation Authority issued \$50,000,000 of 2020 Series A Bonds and an additional \$50,000,000 of Series B Bonds (collectively, the "Bonds"). The Bonds bear variable interest rates, with the Series A Bonds subject to a weekly rate reset and the Series B Bonds subject to a daily rate reset. Interest is payable semiannually on June 1 and December 1, calculated on a 365/366-day basis.

Proceeds from the issuance were used to provide a Project Loan to the San Mateo County Express Lanes Joint Powers Authority, to be repaid from revenues generated by the Express Lanes. Mandatory redemption through sinking fund payments for both series will commence on June 1, 2027. In fiscal year 2025, bonds totaling \$6.3 million were called.

The 2020 SMCTA Subordinate Sales Tax Revenue Variable Rate Demand Bonds are limited obligations of the Transportation Authority and are payable from sales tax revenues generated by Measure A and Measure W. More information on the debt activity appears in Note #10 to the Financial Statements.

Economic Factors and Next Year's Budget

The Transportation Authority's Board adopted the Fiscal Year 2026 Budget of \$206.4 million on June 5, 2025. The Transportation Authority's role is to administer the proceeds from Measure A and Measure W to fund a broad spectrum of transportation-related projects. In accordance with the 2004 Transportation Expenditure Plan, annual allocations have been budgeted to Plan categories based on a percentage of projected sales tax revenues. The total annual allocations are approximately \$44.2 million. The Transportation Authority's competitive and discretionary programs authorizations are approximately \$128.1 million and compose the funding requirements for Alternative Congestion Relief, Dumbarton, Caltrain, Pedestrian and Bicycle, Local Shuttle, Streets and Highways programs, Grade Separation and the San Mateo County Ferry Service, and Regional Transit Connections.

Under New Measure A, the budget has been set aside to fund \$1.1 million to the Alternative Congestion Relief Program, \$3.4 million to fund the Pedestrian and Bicycle Program, \$18.4 million to fund system-wide capital improvements for the Caltrain system. These include State of Good Repair rolling stock, signal, track and station work. The Streets and Highways program includes a budget of \$19.9 million for key congested corridors and \$11.7 million for the supplemental roadway projects. The Grade Separation program has a budget of \$17.2 million. Under Measure W, it is projected a budget of \$5.7 million for Bicycle and Pedestrian Improvements program, \$11.5 million for Regional Transit Connections program, and \$25.8 million for Countywide Highway Congestion Improvement program; of the \$25.8 million budget, the \$1.0 million was proposed to be set aside for Transportation Demand Management (TDM) subcategory, and \$24.8 million for Highway Projects. The Transportation Authority will put out a call for projects in order to allocate these funds to eligible recipients.

Requests for Information

This financial report intends to provide our citizens, taxpayers, customers, and creditors with a general overview of the Transportation Authority's finances and to demonstrate accountability for resources received. If you have questions about this report or need additional financial information, contact the Chief Financial Officer, 1250 San Carlos Avenue, P.O. Box 3006, San Carlos, California, 94070-1306.

San Mateo County Transportation Authority
 Statement of Net Position
 June 30, 2025 (with Comparative Totals for 2024)(in thousands)

	Governmental Activities	
	2025	2024
Assets		
Cash and investments (Note 2)	\$ 901,415	\$ 772,111
Restricted cash and investments	1,422	9,436
Subtotal, cash and investments	<u>902,837</u>	<u>781,547</u>
Sales tax receivables	28,972	29,749
Interest receivables	3,979	2,690
Accounts receivables (Note 3)	2,178	526
Lease receivable	-	59
Enhancement fee receivable from SMCELJPA	-	665
Loan receivable from SMCELJPA (Note 10)	3,227	3,619
Interest receivable on long term project loan from SMCELJPA (Note 10)	1,609	-
Long term project loan receivable from SMCELJPA (Note 10)	93,710	100,000
Capital assets, nondepreciable (Note 4)	<u>11,682</u>	<u>11,682</u>
 Total Assets	 <u>1,048,194</u>	 <u>930,537</u>
 Liabilities		
Accounts payable (Note 5)	3,764	1,438
Accrued liabilities (Note 6)	16,207	15,583
Unearned revenues	545	8,037
Long-term liabilities (Note 9) Due in more than one year	<u>93,710</u>	<u>100,000</u>
 Total Liabilities	 <u>114,226</u>	 <u>125,058</u>
 Deferred Inflows of Resources		
Deferred inflows related to leases	-	56
 Total Liabilities and Deferred Inflows of Resources	 <u>114,226</u>	 <u>125,114</u>
 Net Position		
Net investment in capital assets	11,682	11,682
Restricted for congestion management (Note 1J)	<u>922,286</u>	<u>793,741</u>
 Total Net Position	 <u>\$ 933,968</u>	 <u>\$ 805,423</u>

San Mateo County Transportation Authority
 Statement of Activities
 Year Ended June 30, 2025 (with Comparative Totals for 2024)(in thousands)

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Contributions and Grants	2025	
				2024	
Governmental Activities					
Public Transit					
Upgrades and extensions	\$ 11,323	\$ -	\$ -	\$ (11,323)	\$ (3,000)
Grade separations	7,873	1,230	-	(6,643)	(8,486)
Dumbarton spur	15	-	-	(15)	(22)
BART	2,288	-	-	(2,288)	(2,311)
Paratransit	4,577	-	-	(4,577)	(4,623)
Projects funding	2,780	-	-	(2,780)	(3,941)
Streets and highways					
Distributions to local entities	37,145	-	-	(37,145)	(37,541)
Projects funding	22,949	-	6,462	(16,487)	(10,543)
Program administration	4,318	400	-	(3,918)	(2,976)
Debt service - interest	2,095	-	-	(2,095)	(2,972)
Total Governmental Activities	\$ 95,363	\$ 1,630	\$ 6,462	(87,271)	(76,415)
General Revenues					
Sales tax revenue				171,421	173,258
Investment gain and other income (Note 8)				44,395	35,099
Total General Revenues				215,816	208,357
Change in net position				128,545	131,942
Net position, beginning of year				805,423	673,481
Net Position, End of Year				\$ 933,968	\$ 805,423

San Mateo County Transportation Authority
 Governmental Funds – General Fund Balance Sheet
 June 30, 2025 (with Comparative Totals for 2024)(in thousands)

	2025	2024
Assets		
Cash and investments (Note 2)	\$ 901,415	\$ 772,111
Restricted cash and investments	1,422	9,436
Sales tax receivables	28,972	29,749
Interest receivables	3,979	2,690
Accounts receivables (Note 3)	2,178	526
Lease receivables (Note 5)	-	59
Enhancement fee receivable from SMCELJPA	-	665
Loan receivable from SMCELJPA (Note 10)	3,227	3,619
Interest receivable from SMCELJPA (Note 10)	1,609	-
Long term project loan receivable from SMCELJPA (Note 10)	<hr/> 93,710	<hr/> 100,000
Total Assets	<hr/> <u>\$ 1,036,512</u>	<hr/> <u>\$ 918,855</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance		
Liabilities		
Accounts payable (Note 6)	\$ 3,764	\$ 1,438
Accrued liabilities (Note 7)	16,207	15,583
Unearned revenues	545	8,037
Total Liabilities	<hr/> 20,516	<hr/> 25,058
Deferred Inflows of Resources		
Deferred inflows related to leases	<hr/> -	<hr/> 56
Total Deferred Inflows of Resources	<hr/> -	<hr/> 56
Fund Balance		
Nonspendable	<hr/> -	<hr/> 3
Restricted for congestion management (Note 1M)	<hr/> 1,015,996	<hr/> 893,738
Total Fund Balance	<hr/> 1,015,996	<hr/> 893,741
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<hr/> <u>\$ 1,036,512</u>	<hr/> <u>\$ 918,855</u>

San Mateo County Transportation Authority
 Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
 June 30, 2025 (with Comparative Totals for 2024)(in thousands)

	<u>2025</u>	<u>2024</u>
Total Fund Balances - Governmental Fund	\$ 1,015,996	\$ 893,741
 Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets of governmental activities are not current financial resources and, therefore, are not reported in the governmental fund.	11,682	11,682
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the governmental fund.	<u>(93,710)</u>	<u>(100,000)</u>
Net Position of Governmental Activities	<u>\$ 933,968</u>	<u>\$ 805,423</u>

San Mateo County Transportation Authority

Governmental Funds – General Fund Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2025 (with Comparative Totals for 2024)(in thousands)

	2025	2024
Revenues		
Sales tax revenue	\$ 171,421	\$ 173,258
Investment income	44,395	35,099
Rental income	1,230	849
Reimbursements from other agencies	6,462	3,557
Other income	400	402
Total Revenues	223,908	213,165
 Current Expenditures		
Public Transit		
Upgrades and extensions	11,323	3,001
Grade separations	7,873	9,335
Dumbarton spur	15	22
BART	2,288	2,311
Paratransit	4,577	4,623
Projects funding	2,780	3,941
Streets and highways		
Distributions to local entities	37,145	37,541
Projects funding	22,949	14,100
Program administration	4,318	3,378
Debt Service		
Principal	6,290	-
Interest	2,095	2,972
Total Expenditures	101,653	81,224
 Net Change in Fund Balance	122,255	131,941
Beginning Fund Balance	893,741	761,800
Ending Fund Balance	\$ 1,015,996	\$ 893,741

San Mateo County Transportation Authority

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances
to the Government-Wide Statement of Activities
Year Ended June 30, 2025 (with Comparative Totals for 2024)(in thousands)

	2025	2024
Amounts reported for governmental activities in the statement of activities are different because of the following:		
Net Change in Fund Balances - Total Governmental Fund	\$ 122,255	\$ 131,941
Repayment of loan principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position.	6,290	-
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceed capital outlays in the current period.	-	(61)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	-	62
Change in Net Position of Governmental Activities	<u>\$ 128,545</u>	<u>\$ 131,942</u>

San Mateo County Transportation Authority

Notes to the Financial Statements

June 30, 2025 (with Comparative Totals for 2024)

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San Mateo County Transportation Authority

Notes to the Financial Statements

June 30, 2025 (with Comparative Totals for 2024)

Note 1 - Reporting Entity and Significant Accounting Policies

A. Financial Reporting Entity

The San Mateo County Transportation Authority (Transportation Authority) 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 Transportation Authority is responsible for the administration of funds collected through the one-half cent county sales tax, initially for a period of 20 years from its formation. In November 2004, the voters reauthorized the sales tax to be administered by the Transportation Authority and a new publicly developed Expenditure Plan for an additional 25 years beyond the original expiration date of 2008. In 2018, the voters of San Mateo County adopted Measure W, “An Ordinance of the San Mateo County Transit District Imposing a One-Half of One Percent Retail Transactions and Use Tax to Implement the San Mateo County Congestion Relief Plan.” Measure W authorized the District to administer the new tax in its entirety or to transfer proceeds of the tax to the Transportation Authority for Administration. By District Resolution No. 2020-27, and reflecting the split of funds set forth in the Congestion Relief Plan (50% reserved for SamTrans use, 50% available for other uses), the District expressed its desire to “designate the Authority to administer 50% of the Measure W Sales Tax Revenues as provided in the San Mateo County Congestion Relief Plan, and to irrevocably dedicate such revenues to the Authority for such purposes, for so long as the Authority is in existence.” This desire was formalized through two agreements authorized by the same resolution, with each agreement subsequently signed by the District, the Transportation Authority and one or both of the California Department of Tax and Fee Administration and the Bank of New York Mellon.

B. Implementation of Governmental Accounting Standards Board (GASB) Statements

Effective this Fiscal Year

GASB Statement No. 101 – In June 2022, GASB Issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. This Statement did not have an impact on the financial statements.

C. Basis of Presentation

Government-wide Financial Statements

The Statement of Net position and Statement of Activities report the financial activities of the Transportation Authority. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Transportation Authority. 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 program. Revenues that are not classified as program revenues, including sales tax revenues, are presented instead as general revenues.

San Mateo County Transportation Authority

Notes to the Financial Statements
June 30, 2025 (with Comparative Totals for 2024)

Fund Financial Statements

The Transportation Authority accounts for its sales tax revenue in the General Fund. Sales tax proceeds are legally restricted to improve, construct, maintain, and operate certain transportation projects and facilities contained in the 2004 Transportation Expenditure Plan (TEP) adopted by the Board of Supervisors of San Mateo County, all of the Cities in the County, and the voters in San Mateo County with the approval of the sales tax. That Plan may be amended from time to time pursuant to the Plan and applicable law.

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 when a liability is incurred, regardless of the timing of related cash flows. Sales taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 180 days after the end of the accounting period. Sales tax and investment earnings are recorded when measurable and available. Expenditures are generally recognized in the accounting period in which the liability is incurred. Capital asset acquisitions and Debt principal payments are reported as expenditures in governmental funds.

E. Fair Value Measurement

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

F. Prepaid Items

Prepaid items represent amounts paid in advance of receiving goods or services. The Transportation Authority has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The Transportation Authority has chosen to report the expenditures during the benefiting period. As of June 30, 2025 and 2024, the Transportation Authority did not have any prepaid items.

G. Cash and Investments

All highly liquid investments with maturities of three months or less when purchased are considered cash equivalents. Investments are reported at fair value. Cash deposits are reported at carrying amount.

San Mateo County Transportation Authority

Notes to the Financial Statements

June 30, 2025 (with Comparative Totals for 2024)

H. Capital Assets

Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation plus ancillary charges, if any. 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 Transportation Authority 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 Transportation Authority's books. The Transportation Authority does have subscription right-to-use capital assets which are amortized over the useful life of the asset. Subscription right-to-use capital assets are typically capitalized for the length of the arrangement. The Transportation Authority's policy is to capitalize all capital assets with a cost greater than \$5,000 and a useful life of more than one year.

I. Deferred Outflows/Inflows of Resources

The Transportation Authority does not have any items that qualify for reporting in the category of deferred outflows of resources.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred Inflows of resources represent an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The Transportation Authority has unavailable revenue which may be reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

J. Net Position

Net position is measured on the full accrual basis for the government-wide reporting. Net Position is the excess of all the Transportation Authority's assets over all its liabilities. Net position is divided into two captions. These captions apply only to net position, which is determined only at the government-wide level, and are described below:

Net Investment in Capital Assets – The investment in capital assets reported on the statement of net position represents the Transportation Authority's ownership of right of way classified as non-depreciable land under capital assets.

Restricted – The restricted net position reported on the statement of net position represents the resources available to the Transportation Authority that are legally restricted to improve, construct, maintain, and operate certain transportation projects and facilities contained in the 2004 Transportation Expenditure Plan adopted by the Board of Supervisors of San Mateo County and all of the Cities in the County. That TEP may be amended from time to time pursuant to the TEP and applicable law.

San Mateo County Transportation Authority

Notes to the Financial Statements
June 30, 2025 (with Comparative Totals for 2024)

K. Fund Balance

In governmental fund types, the fund balance is measured on the modified accrual basis. The General Fund (the Fund) balance is classified in accordance with generally accepted accounting principles, which require the Transportation Authority to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the Transportation Authority prioritizes and expends funds in the following order, as applicable: restricted, committed, assigned, and unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint.

Nonspendables - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The Transportation Authority had nonspendable balances of \$0 and \$3,000 as of June 30, 2025, and 2024, respectively.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. The restricted fund balance reported on the governmental fund balance sheet represents the resources available to the Transportation Authority that are legally restricted to improve, construct, maintain, and operate certain transportation projects and facilities contained in the 2004 Transportation Expenditure Plan (Measure A) and the San Mateo County Congestion Relief Plan (Measure W). Those Plans may be amended from time to time pursuant to their terms and applicable law.

L. Use of Estimates

The Transportation Authority's management has made a number of estimates and assumptions relating to the reported amounts of the financial statements and the related disclosures in conformity with Generally Accepted Accounting Principles (GAAP). Actual results could differ from those estimates.

M. Summarized Data

The summarized partial data provided in these financial statements for Fiscal Year ended June 30, 2024 is not a requirement for fair presentation of the financial statements but is being presented as additional analysis. Such information does not provide 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 Transportation Authority's financial statements for the year ended June 30, 2024 from which such comparative partial information was derived.

San Mateo County Transportation Authority

Notes to the Financial Statements
June 30, 2025 (with Comparative Totals for 2024)

Note 2 - Cash and Investments

The Transportation Authority pools cash from all sources and funds so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

The Transportation Authority records investment transactions on the trade date. Investments are reported at fair value. Fair value is defined as the amount that the Transportation Authority could reasonably expect to receive for an investment in a current sale between a willing buyer and seller and is generally measured by quoted market prices. The Transportation Authority adjusts the carrying value of its investments to reflect their fair value at each fiscal year end. The effects of changes in market value are reflected as a component of investment income. Deposits and investments as of June 30 are categorized as follows:

(in thousands)	June 30, 2025	June 30, 2024
Cash and Investments		
Cash in bank	\$ 128,946	\$ 159,887
Restricted cash with fiscal agent	1,422	9,436
Investments	772,469	612,224
Total cash and investments	\$ 902,837	\$ 781,547

Authorized Investments by the Transportation Authority

In accordance with the California Government Code or its investment policy when more restrictive, the Transportation Authority may acquire investments as identified in the table below:

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

San Mateo County Transportation Authority

Notes to the Financial Statements
June 30, 2025 (with Comparative Totals for 2024)

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 Transportation Authority 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 Transportation Authority monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. With respect to this metric, the Transportation Authority's policies are as follows:

The Transportation Authority's weighted average maturity of its investment portfolio at June 30, 2025 was as follows:

Investment Type	Amount (in thousands)	Weighted Average Maturity (in years)
U.S. Treasury Bonds/Notes	\$ 264,425	2.81
Corporate Bonds and Notes	21,170	1.53
Municipal Debt Securities	5,180	1.64
Money Market Mutual Funds	2,880	-
Local Agency Investment Fund	5,668	0.68
California Asset Management Program (CAMP)	269,103	0.11
San Mateo County Pool	<u>204,043</u>	1.64
Total	\$ 772,469	
Portfolio Weighted Average Maturity		1.49

San Mateo County Transportation Authority

Notes to the Financial Statements

June 30, 2025 (with Comparative Totals for 2024)

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

Investment Type	Amount (in thousands)	Weighted Average Maturity (in years)
U.S. Treasury Bonds/Notes	\$ 169,549	3.00
Federal Agency Collateralized and Agency Bonds/Notes	8,211	1.19
Corporate Bonds and Notes	28,515	1.35
Municipal Debt Securities	5,466	2.47
Supranational	723	0.81
Money Market Mutual Funds	1,485	-
Local Agency Investment Fund	5,388	0.59
California Asset Management Program (CAMP)	264,676	0.10
San Mateo County Pool	128,211	1.64
Total	\$ 612,224	
Portfolio Weighted Average Maturity		1.33

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 actual rating as of the fiscal year end for each investment type.

The Transportation Authority's investment portfolio credit quality ratings as of June 30, 2025 were as follows:

Investment Type	Amount (in thousands)	S&P Rating as of June 30, 2025				Not Rated
		AAA	AA	A		
U.S. Treasury Bonds/Notes	\$ 264,425	\$ -	\$ 264,425	\$ -	\$ -	-
Corporate Bonds and Notes	21,170	-	8,854	12,316	-	-
Municipal Debt Securities	5,180	-	5,180	-	-	-
Money Market Mutual Funds	2,880	2,880	-	-	-	-
Local Agency Investment Fund	5,668	-	-	-	5,668	-
CAMP	269,103	269,103	-	-	-	-
San Mateo County Pool	204,043	-	-	-	-	204,043
Total	\$ 772,469	\$ 271,983	\$ 278,459	\$ 12,316	\$ 209,711	

San Mateo County Transportation Authority

Notes to the Financial Statements
June 30, 2025 (with Comparative Totals for 2024)

The Transportation Authority's investment portfolio credit quality ratings as of June 30, 2024 were as follows:

Investment Type	Amount (in thousands)	S&P Rating as of June 30, 2024				Not Rated
		AAA	AA	A	-	
U.S. Treasury Bonds/Notes	\$ 169,549	\$ -	\$ 169,549	\$ -	\$ -	
Federal Agency Collateralized and Agency Bonds/Notes	8,211	-	8,211	-	-	
Corporate Bonds and Notes	28,515	-	6,042	22,473	-	
Municipal Debt Securities	5,466	-	5,466	-	-	
Supranational	723	723	-	-	-	
Money Market Mutual Funds	1,485	411	-	-	1,074	
Local Agency Investment Fund	5,388	-	-	-	5,388	
CAMP	264,676	264,676	-	-	-	
San Mateo County Pool	128,211	-	-	-	128,211	
Total	\$ 612,224	\$ 265,810	\$ 189,268	\$ 22,473	\$ 134,673	

Concentration of Credit Risk

There were no investments in any one issuer that exceeded 5% of the Transportation Authority's total investment portfolio for the years ended June 30, 2025 or June 30, 2024.

Custodial Credit Risk

The custodial credit risk for deposit is the risk that, in the event of the failure of a depository financial institution, the Transportation Authority 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 Transportation Authority will not be able to recover the value of its investment or collateral securities that are in possession of another party.

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

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

San Mateo County Transportation Authority

Notes to the Financial Statements
June 30, 2025 (with Comparative Totals for 2024)

Fair Value Measurements

The Transportation Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs. The Transportation Authority has the following recurring fair value measurements as of June 30, 2025:

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

Investments in the San Mateo County Pool and the State Local Agency Investment Fund are not measured using the input levels above because the Transportation Authority's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share. The following is the Transportation Authority's fair value hierarchy table as of June 30, 2025:

Investment Type (in thousands)	Quoted Prices (Level 1)		Observable Inputs (Level 2)		Total
Investment securities					
U.S. Treasury Bonds/Notes	\$	-	\$ 264,425	\$ 264,425	
Corporate Bonds and Notes	-	-	21,170	21,170	
Municipal Debt Securities	-	-	5,180	5,180	
Money Market Mutual Funds	2,880	-	-	2,880	
Total	<u>\$ 2,880</u>	<u>\$ 290,775</u>			293,655
Uncategorized:					
Local Agency Investment Fund					5,668
California Asset Management Program					269,103
San Mateo County Investment Pool					204,043
Cash					128,946
Restricted cash with fiscal agents					1,422
Total Investments by Fair Value Type					<u>\$ 902,837</u>

San Mateo County Transportation Authority

Notes to the Financial Statements
June 30, 2025 (with Comparative Totals for 2024)

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

Investment Type (in thousands)	Level 1	Level 2	Total
Investment securities			
U.S. Treasury Bonds/Notes	\$ -	\$ 169,549	\$ 169,549
Federal Agency Collateralized and Agency Bonds/Notes	-	8,211	8,211
Corporate Bonds and Notes	-	28,515	28,515
Municipal Debt Securities	-	5,466	5,466
Supranational	-	723	723
Money Market Mutual Funds	1,485	-	1,485
Total	\$ 1,485	\$ 212,464	213,949
Uncategorized:			
Local Agency Investment Fund			5,388
California Asset Management Program			264,676
San Mateo County Investment Pool			128,211
Cash			159,887
Restricted cash with fiscal agents			9,436
Total Investments by Fair Value Type			\$ 781,547

Methods and Assumptions Used to Estimate Fair Value: The Transportation Authority 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 Transportation Authority's investment custodian provides the market value on each investment instrument. The investments held by the Transportation Authority are widely traded in the financial markets and trading values are readily available from numerous published sources.

San Mateo County Treasurer's Investment Pool: The Transportation Authority holds investments in the County Pool that are subject to adjustments to "fair value." The Transportation Authority had a contractual withdrawal value (which is reported using the amortized cost) of \$201,818,000 and \$129,336,000, at June 30, 2025 and 2024, respectively, that is recorded at \$204,043,000 and \$128,211,000 on the balance sheet after the adjustment for unrealized gains/losses for fiscal years ending June 30, 2025 and 2024, respectively. The fair value change in these investments for the year just ended is included in investment income in the statement of revenues, expenditures, and changes in fund balance as well as in the statement of activities via inclusion in the amount of Investment Income. The Transportation Authority is a voluntary participant in the San Mateo County Treasurer's Investment Pool. The 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 auspices of the County Treasurer's office.

San Mateo County Transportation Authority

Notes to the Financial Statements
June 30, 2025 (with Comparative Totals for 2024)

State of California State Treasurer's Local Authority Investment Fund (LAIF): The Transportation Authority holds an investment in LAIF that is subject to "fair value" adjustments. The Transportation Authority had a contractual withdrawal value of \$5,662,000 and \$5,410,000 (which is reported using the amortized cost) after the adjustment for unrealized gains/losses for fiscal year 2025 and 2024, respectively. 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 Transportation Authority is a voluntary participant in the investment pool.

California Asset Management Program (CAMP): The Transportation Authority holds an investment in CAMP that is subject to "fair value" adjustments. The Transportation Authority had a contractual withdrawal value of \$269,103,000 and \$264,676,000 (which is reported using the amortized cost) after the adjustment for unrealized gains/losses for fiscal year 2025 and 2024. CAMP is a governmental investment pool managed and directed by the CAMP Treasurer and is not registered with the Securities and Exchange Commission.

Note 3 - Accounts Receivable

Accounts receivable as of June 30 consist of amounts owed by other governmental agencies and miscellaneous receivables as follows:

(in thousands)	2025	2024
San Mateo County Express Lanes JPA (SMCELJPA)	\$ 1,734	\$ 69
Bay Area Infrastructure Financing Authority	119	119
California Department of Transportation	90	90
Metropolitan Transportation Commission	70	70
Rents Receivable	161	174
Other	4	4
Total accounts receivable	\$ 2,178	\$ 526

San Mateo County Transportation Authority

Notes to the Financial Statements

June 30, 2025 (with Comparative Totals for 2024)

Note 4 - Capital Assets

Capital assets activities for the years ended June 30, 2024 and 2025 are as follows:

(in thousands)	Balance at July 01, 2024	Additions	Deletions	Balance at June 30, 2025
Amortizable capital assets				
Right-to-use subscription asset	\$ 303	\$ -	\$ 303	\$ -
Less accumulated amortization for Right-to-use subscription asset	(303)	-	(303)	-
Nondepreciable capital assets				
Land	11,682	-	-	11,682
Capital Assets, Net	\$ 11,682	\$ -	\$ -	\$ 11,682

(in thousands)	Balance at July 01, 2023	Additions	Deletions	Balance at June 30, 2024
Amortizable capital assets				
Right-to-use subscription asset	\$ 303	\$ -	\$ -	\$ 303
Less accumulated amortization for Right-to-use subscription asset	(242)	(61)	-	(303)
Nondepreciable capital assets				
Land	11,682	-	-	11,682
Capital Assets, Net	\$ 11,743	\$ (61)	\$ -	\$ 11,682

Land represents the cost of right of way acquisition for future grade separation projects, as well as for corridor preservation purposes.

Note 5 - Accounts Payable

Accounts payable at June 30 are as follows:

(in thousands)	2025	2024
District - Salaries and benefits	\$ 441	\$ 441
Paratransit program	503	503
Capital project	370	370
Other	2,450	124
Total	\$ 3,764	\$ 1,438

San Mateo County Transportation Authority

Notes to the Financial Statements

June 30, 2025 (with Comparative Totals for 2024)

Note 6 - Accrued Liabilities

Accrued liabilities at June 30 are as follows:

(in thousands)	2025	2024
Disbursements to local entities for transportation projects	\$ 10,841	\$ 10,884
Capital projects	4,766	3,880
BART	387	397
Bond interest payable	213	422
Total	\$ 16,207	\$ 15,583

Note 7 - Commitments and Contingencies

Allocation Commitments

As of June 30, the Transportation Authority estimated the cost to complete projects within these following categories:

Categories (in thousands)	2025	2024
Caltrain	\$ 16,345	\$ 22,521
Ferry	3,666	3,620
Local Shuttle	17,367	7,250
Railroad Grade Separations	14,580	15,645
Streets and Highways	262,975	270,600
Alternative Congestion Relief	301	1,443
Bicycle and Pedestrian	40,849	21,715
Total	\$ 356,083	\$ 342,794

Litigation

From time to time, the Transportation Authority is involved in litigation arising from the normal course of business. In the opinion of management and legal counsel, as of June 30, 2025, the disposition of any litigation that may be pending is not expected to have a material adverse effect on the overall financial position of the Transportation Authority.

San Mateo County Transportation Authority

Notes to the Financial Statements
June 30, 2025 (with Comparative Totals for 2024)

Note 8 - Insurance Programs

The Transportation Authority is exposed to various risks of loss including but not limited to those related to torts; theft of, damage to, and destruction of assets; errors and omissions, and natural disasters. As of June 30, 2025, coverage provided by self-insurance and excess coverage (purchased by or for the Transportation Authority) is generally summarized as follows:

Type of Coverage	Self-Insured Retention (in thousands)	Excess Insurance (in thousands)
Commercial General Liability	\$100 self-insured retention	\$11,000 per occurrence/ aggregate
Public Officials Liability	\$50 self-insured retention	\$3,000 per occurrence/ aggregate (\$50 excess carried by the San Mateo County Transit District on behalf of the Transportation Authority)

To date, there have been no significant reductions in any of the Transportation Authority's insurance coverage. Settlements have not exceeded coverages for each of the past three fiscal years.

Note 9 - Long-Term Liabilities

2020 Transportation Authority Subordinate Sales Tax Revenue Variable Rate Demand Bonds

In September 2020, the TA issued \$50,000,000 2020 Series A Bonds and an additional \$50,000,000 Series B Bonds (together the "Bonds"). The Bonds are variable rate bonds with Series A Bonds issued with a Weekly Rate reset and the Series B Bonds issued with a Daily Rate Reset. Interest is due and payable on the Bonds every June 1 and December 1 with interest to be calculated on a 365/366-day basis. From issue through June 30, 2025, the Daily Rate has been as high as 4.45%, and as low as 0.01% (or 1 basis point) with an average rate of 1.39% (or 139 basis points). Over the same period, the Weekly Rate has been issued at a high of 3.97%, a low of 0.01% (or 1 basis point) with an average rate of 1.46% (or 146 basis points) on an annual 365/366-day basis. The interest rate expectations are presented in the following tables as though outstanding principal were charged interest at the rates in effect at 6/30 of each year as required by Governmental Accounting Standards Board Statement 88 (GASB 88). The rates in place at June 30, 2025 were 1.17% on the Series A bonds (weekly reset) and 1.50% on the Series B Bonds (daily reset). The rates in place at June 30, 2024 were 3.18% (or 318 basis points) on the Series A bonds (weekly reset) and 4.45% (or 445 basis points) on the Series B Bonds (daily reset).

San Mateo County Transportation Authority

Notes to the Financial Statements
June 30, 2025 (with Comparative Totals for 2024)

Bond proceeds were used to make a Project Loan to the San Mateo County Express Lanes Joint Powers Authority (SMCELJPA) for the construction of express lanes on U.S. 101 in San Mateo County. The Project Loan will be repaid to the Transportation Authority from revenues generated by the Express Lanes. Mandatory redemption in the form of a Mandatory Sinking Fund is designated to make principal payments beginning June 1, 2027, for both Bond Series. The 2020 SMCTA Subordinate Sales Tax Revenue Variable Rate Demand Bonds are limited obligations of the Transportation Authority and are payable from a lien on revenue of (i) the Measure A sales tax revenues pursuant to the Bay Area County Traffic and Transportation Funding Act and (ii) the Measure W sales tax revenues pursuant to the San Mateo County Transit District Act.

The 2020 SMCTA Subordinate Sales Tax Revenue Variable Rate Demand Bonds are limited obligations of the Transportation Authority and are payable from a lien on revenue of (i) the Measure A sales tax revenues pursuant to the Bay Area County Traffic and Transportation Funding Act and (ii) the Measure W sales tax revenues pursuant to the San Mateo County Transit District Act.

The sales tax revenues are pledged to pay the scheduled principal and interest payments on the subordinate sales tax revenue variable rate demand bonds. In the event that a deficiency exists because of unpaid or delinquent collections at the time a debt service payment is due, the Transportation Authority must provide resources to cover the deficiency until other resources are received. Debt service payments of \$8,385,000 as a ratio of pledged sales tax revenue of \$171,421,000 for the year ended June 30, 2025, was 4.89% and provided 20.4 coverage. Debt service payments of \$2,972,000 as a ratio of pledged sales tax revenue of \$173,258,000 for the year ended June 30, 2024, was 1.72% and provided 58.3 times coverage.

As of June 30, 2025, \$93,700,000 of subordinate sales tax revenue variable rate demand bonds are outstanding. The subordinate sales tax revenue variable rate demand bonds mature on June 1, 2049.

Changes in Long-term Liabilities

Changes in the Transportation Authority's long-term liabilities for the year ended June 30, 2025, are as follows:

(in thousands)	Balance at July 01, 2024	Additions	Retirements	Balance June 30, 2025	Current Portion
2020 Sales Tax Variable Rate Debt	\$ 100,000	\$ -	\$ (6,290)	\$ 93,710	\$ -
Total long-term debt	\$ 100,000	\$ -	\$ (6,290)	\$ 93,710	\$ -

San Mateo County Transportation Authority

Notes to the Financial Statements

June 30, 2025 (with Comparative Totals for 2024)

The debt service requirements for the Transportation Authority are as follows:

Year Ending June 30: (in thousands)	Principal	Interest	Total
2026	\$ -	\$ 1,298	\$ 1,298
2027	-	1,298	1,298
2028	-	1,298	1,298
2029	-	1,298	1,298
2030	8,710	1,288	9,998
2031-2035	27,050	5,045	32,095
2036-2040	18,880	3,479	22,359
2041-2045	20,850	2,116	22,966
2046-2049	18,220	616	18,836
Total	\$ 93,710	\$ 17,736	\$ 111,446

Note 10 - Related Parties and Jointly Governed Organizations

San Mateo County Express Lanes Joint Powers Authority

The San Mateo County Transportation Authority and the City/County Association of Governments of San Mateo County (“C/CAG”) are co-sponsors of the San Mateo County U.S. 101 Express Lanes Project (“Project”). The Project includes (i) the conversion of the existing High Occupancy Vehicle (“HOV”) lanes into express lanes from the northern terminus of the Santa Clara County express lanes to the Whipple Road Interchange and (ii) the construction of new express lanes from Whipple Road north to I-380 in San Mateo County. When completed, the Project will provide continuous express lanes in San Mateo County in both the northbound and southbound directions of U.S. 101. Resulting toll revenues will fund transportation and transit improvements in the corridor, as well as Project operations and maintenance. Members of the SMCELJPA’s Board of Directors are elected officials representing San Mateo County. The Express Lanes are scheduled for a two-phase opening, south segment opened February 11, 2022, and the north segment was officially opened on March 3, 2023.

San Mateo County Transportation Authority

Notes to the Financial Statements
June 30, 2025 (with Comparative Totals for 2024)

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

Loan Receivable

As of June 30, 2025, the Transportation Authority had a loan receivable of \$3,227,000 from the SMCELJPA. As of June 30, 2024, the Transportation Authority had a loan receivable of \$3,619,000 from the SMCELJPA.

Long Term Project Loan Receivable

On September 1, 2020, the Transportation Authority entered a non-revolving loan agreement with the SMCELJPA. The Transportation Authority is using the proceeds of its 2020 Series A and B Limited Tax Bonds to fund a portion of U.S. 101 Express Lane Project construction. The SMCELJPA has agreed to apply future toll revenues to repay the Transportation Authority in accordance with the terms and provisions of the bond loan agreement. The initial bond loan balance was \$100,000,000 (calculated as the amount of bond proceeds deposited to the funds and accounts under the Bond Indenture plus the underwriters' discount upon initial sale of the Bonds to the underwriters thereof). The Principal is payable on May 1, 2024, and annually thereafter on May 1 of each year through in accordance with the loan agreement. Interest is accrued on the bond loan at a rate equal to the interest rate of the Transportation Authority's 2020 Series A and B Limited Tax Bonds. During Fiscal Year 2025 SMCELJPA made a payment of \$6,290,000. As of June 30, 2025 SMCELJPA owed the Transportation Authority \$93,710,000. Interest receivable on the long term project loan receivable as of June 30, 2025 was \$1,608,898.

San Mateo County Transit District

As discussed in Note 1A, the San Mateo County Transit District has been designated as the entity responsible for overall management of the Transportation Authority. The Transportation Authority reimburses the District for staff support services.

Staff support expenditures for the year ended June 30 are as follows:

(in thousands)	2025		2024	
Salaries and benefits	\$ 2,091		\$ 1,893	
Indirect costs	165		225	
Total	\$ 2,256		\$ 2,118	

Required Supplementary Information
June 30, 2025

**San Mateo County Transportation
Authority**

San Mateo County Transportation Authority
 General Fund – Budgetary Comparison Schedule
 Year Ended June 30, 2025 (in thousands)

	Actual Amounts			Variance with Final Budget Positive/ (Negative)	
	Budgeted Amounts		(Budgetary Basis)		
	Original	Final			
Resources (inflows)					
Sales tax	\$ 177,000	\$ 177,000	\$ 171,421	\$ (5,579)	
Investment income	24,322	24,322	34,579	10,257	
Rental income	951	951	1,230	279	
Project reimbursement	4,344	4,344	6,462	2,118	
Other Income	400	400	400	-	
Amounts available for appropriation	<u>207,017</u>	<u>207,017</u>	<u>214,092</u>	<u>7,075</u>	
Charges to appropriations (outflows)					
Program Administration					
Staff support	2,017	2,017	2,070	(53)	
Board compensation	9	9	9	-	
AIA	248	246	165	81	
Bank and investment fees	147	147	158	(11)	
Insurance premiums	275	275	288	(13)	
Professional and legal fees	486	486	492	(6)	
Other services and supplies	261	261	316	(55)	
Travel and meeting	61	63	22	41	
Total program administration	<u>3,504</u>	<u>3,504</u>	<u>3,520</u>	<u>(16)</u>	
Distributions to local entities	38,350	38,350	37,145	1,205	
BART	2,360	2,360	2,288	72	
Paratransit	4,720	4,720	4,577	143	
Capital outlays	135,962	162,099	45,350	116,749	
Bond principal, interest and debt fees	<u>4,140</u>	<u>4,140</u>	<u>8,773</u>	<u>(4,633)</u>	
Total Charges to Appropriations	<u>\$ 189,036</u>	<u>\$ 215,173</u>	<u>101,653</u>	<u>\$ 113,520</u>	
Fund balances					
Beginning of Year			893,741		
End of Year			<u>\$ 1,006,180</u>		
Reconciliation to the Statement of Revenues, Expenditures and Fund Balances					
Cumulative unrealized gains under GASB 31			<u>9,816</u>		
Total Revenues in the Statement of Revenues, Expenditures and Changes in Fund Balances - GAAP Basis	<u>\$ 1,015,996</u>				

San Mateo County Transportation Authority
Notes to Required Supplementary Schedule
June 30, 2025

Budgets and the Budgetary Process

The Transportation Authority 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 and actual revenues and expenditures are presented as required supplementary information. The basis the Transportation Authority uses to prepare the budget is consistent with the basis used to reflect the actual revenues and expenditures, except that proceeds from sale of capital assets and unrealized gains and losses on investment are not included in the budget for the General Fund.

Management is authorized to exceed budget for individual categories provided that there is sufficient fund balance.

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Supplementary Information
June 30, 2025

**San Mateo County Transportation
Authority**

San Mateo County Transportation Authority
Expenditures of Capital Projects from Inception to Date
June 30, 2025 (with Comparative Totals for 2024)

The expenditures on public transportation projects during fiscal years 2025 and 2024 were \$45.8 million and \$31.8 million, respectively. Total expenditures on such projects from inception through June 30, are as follows (in thousands):

Projects	2025	2024
Alternative Congestion Relief	\$9,420	\$ 7,641
Caltrain	388,600	377,497
Dumbarton Spur	34,076	34,061
Ferry	9,070	9,042
Local Shuttle	38,747	35,994
Bicycle	30,995	24,377
Oversight	8,727	9,356
Recollectible & Excluded	443	694
Paratransit	902	521
Railroad Grade Separations	371,655	363,264
Streets and Highways	<u>676,211</u>	<u>660,408</u>
Total	<u>\$ 1,568,846</u>	<u>\$ 1,522,855</u>

Of the total expenditures of \$1,569 million for capital projects, \$386 million was funded by contributions from external entities.

Statistical
June 30, 2025

**San Mateo County Transportation
Authority**

Statistical

Financial Trends

- Net Position and Change in Net Position
- Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance
- Fund Balances of Governmental Funds

Revenue Capacity

- Revenue Base and Revenue Rate
- Principal Revenue Payers

Debt Capacity

- Ratio of Outstanding Debt by Type
- Ratio of General Bonded Debt Outstanding
- Direct and Overlapping Debt and Limitations
- Pledged Revenue Coverage

Demographics and Economic Information

- Population, Income and Unemployment Rates
- Principal Employers

Operating Information

- Capital Outlay
- Employees
- Capital Assets

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

These schedules contain information to assist readers in understanding and assessing the affordability of the Transportation Authority's current level of outstanding debt and the Transportation Authority's ability to issue debt in the future.

Demographic and Economic Information

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

Operating Information

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

San Mateo County Transportation Authority

Net Position and Change in Net Position

Fiscal Years 2016 Through 2025 (in thousands)

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

Fiscal Year	2025	2024	2023	2022	2021
Governmental Activities					
Program Revenues					
Grade Separations	\$ 1,230	\$ 1,230	\$ 1,189	\$ 1,140	\$ 1,029
Dumbarton Spur	-	-	-	-	-
Program Administration	400	400	400	732	-
Projects Funding	6,462	6,462	3,658	57,879	123,887
Total Program Revenues	8,092	8,092	5,247	59,751	124,916
Program Expenses					
Public Transit					
Upgrades and Extension	11,323	3,000	5,242	16,385	20,520
Grade Separations	7,873	9,335	10,584	10,213	21,400
Paratransit	4,577	4,623	4,717	4,516	3,753
Dumbarton Spur	15	22	33	10	45
BART	2,288	2,311	2,331	2,258	1,877
Caltrain	-	-	-	-	7,507
Project funding	2,780	3,941	4,397	3,391	4,060
Streets and highways					
Distribution to local entities	37,145	37,541	38,273	36,627	30,437
Projects funding	22,949	14,100	9,286	69,170	103,886
Program Administration	4,318	3,378	1,932	2,324	2,211
Debt Service - interest	2,095	2,972	1,710	194	-
Total Program Expenditures	95,363	81,223	78,505	145,088	195,696
Net Program Revenues (Expenses)					
General revenues					
Sales tax	171,421	173,258	176,627	169,024	140,453
Unrestricted investment earnings	44,395	35,099	9,622	(15,528)	(860)
Total General Revenues	215,816	208,357	186,249	153,496	139,593
Change In Net Position					
Net Position Components					
Invested in capital assets	11,682	11,682	11,743	11,864	11,985
Restricted	922,286	793,741	661,800	548,810	480,649
Net Position	\$ 933,968	\$ 805,423	\$ 673,481	\$ 560,490	\$ 492,331

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

San Mateo County Transportation Authority
 Net Position and Change in Net Position, Continued
 Fiscal Years 2016 Through 2025 (in thousands)

Fiscal Year	2020	2019	2018	2017	2016
Governmental Activities					
Program Revenues					
Grade Separations	\$ 1,050	\$ 708	\$ 708	\$ 916	\$ 874
Dumbarton Spur	-	-	366	308	293
Program Administration	-	-	-	-	-
Projects Funding	5,672	7,730	3,040	1,210	-
Total Program Revenues	6,722	8,438	4,114	2,434	1,167
Program Expenses					
Public Transit					
Upgrades and Extension	15,488	25,071	62,257	13,364	15,682
Grade Separations	17,939	24,114	18,042	821	4,142
Paratransit	3,665	4,155	3,386	3,374	3,188
Dumbarton Spur	134	40	210	138	205
BART	1,833	2,015	1,756	1,687	1,594
Caltrain	7,331	8,892	6,191	6,748	6,376
Project funding	2,810	3,856	2,209	3,042	1,940
Streets and highways					
Distribution to local entities	29,450	22,664	20,226	19,564	18,408
Projects funding	59,976	44,768	64,457	21,691	21,969
Program Administration	1,844	2,253	1,689	1,316	1,211
Debt Service - interest	-	-	-	-	-
Total Program Expenditures	140,470	137,828	180,423	71,745	74,715
Net Program Revenues (Expenses)	(133,748)	(129,390)	(176,309)	(69,311)	(73,548)
General revenues					
Sales tax	135,793	100,728	87,818	84,354	79,704
Unrestricted investment earnings	14,033	14,692	3,841	1,488	6,792
Total General Revenues	149,826	115,420	91,659	85,842	86,496
Change In Net Position	16,078	(13,970)	(84,650)	16,531	12,948
Net Position Components					
Invested in capital assets	11,682	11,682	11,682	11,682	11,682
Restricted	411,832	395,752	409,721	494,372	477,842
Net Position	\$ 423,514	\$ 407,434	\$ 421,403	\$ 506,054	\$ 489,524

San Mateo County Transportation Authority
 Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances
 Fiscal Years 2016 Through 2025 (in thousands)

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

Fiscal year	2025	2024	2023	2022	2021
Revenues					
Sales tax revenue	\$ 171,421	\$ 173,258	\$ 176,627	\$ 169,024	\$ 140,453
Investment income (loss)	44,395	35,099	9,622	(14,371)	(957)
Rental income	1,230	849	1,189	1,140	1,029
Project reimbursements	6,462	3,557	3,658	57,879	123,877
Proceeds from sale of properties	-	-	-	-	-
Other income	400	402	400	732	10
Total Revenue	223,908	213,165	191,496	214,404	264,412
Expenditures					
Public Transit					
Upgrades and extensions	11,323	3,001	5,243	16,385	20,520
Grade separations	7,873	9,335	10,584	10,213	21,400
Dumbarton spur	15	22	33	10	45
BART	2,288	2,311	2,331	2,258	1,877
Caltrain & Paratransit	4,577	4,623	4,717	-	7,507
Project funding	2,780	3,941	4,397	3,391	4,060
Streets and highways	-				
Distributions to local entities	37,145	37,541	38,273	41,143	34,190
Projects funding	22,949	14,100	9,286	69,170	103,886
Program administration	4,318	3,378	1,932	2,324	2,211
Debt Service	8,385	2,972	1,710	194	-
Total Expenditures	101,653	81,224	78,506	145,088	195,696
Excess Revenues Over Expenditures					
	122,255	131,941	112,990	69,316	68,716
Other Financing Sources (Uses)					
Bond issuance	-	-	-	4,343	100,000
Total Other Financing Sources (Uses)	-	-	-	4,343	100,000
Net Change In Fund Balance				73,659	168,716
Fund Balance					
Non-Spendable	-	3	14	-	-
Restricted	1,015,996	893,738	761,786	648,810	575,151
Total Ending Fund Balance	\$ 1,015,996	\$ 893,741	\$ 761,800	\$ 648,810	\$ 575,151
Total Debt Service expenditures as a % Total					
Noncapital expenditures	8.2%	3.7%	2.2%	0.1%	0.0%

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

San Mateo County Transportation Authority
 Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
 Fiscal Years 2016 Through 2025 (in thousands)

Fiscal year	2020	2019	2018	2017	2016
Revenues					
Sales tax revenue	\$ 135,793	\$ 100,728	\$ 87,818	\$ 84,354	\$ 79,704
Investment income (loss)	13,955	14,614	3,787	1,447	6,744
Rental income	1,050	708	1,074	1,224	1,167
Project reimbursements	5,672	7,730	3,040	1,210	6
Proceeds from sale of properties	-	-	-	-	-
Other income	-	-	-	-	-
Total Revenue	156,470	123,780	95,719	88,235	87,621
Expenditures					
Public Transit					
Upgrades and extensions	15,488	25,071	62,257	13,364	15,682
Grade separations	17,939	24,114	18,042	821	4,142
Dumbarton spur	134	40	210	138	205
BART	1,833	2,015	1,756	1,687	1,594
Caltrain & Paratransit	7,331	8,892	6,191	6,748	6,376
Project funding	2,810	3,856	2,209	3,042	1,940
Streets and highways					
Distributions to local entities	33,115	26,819	23,612	22,938	21,596
Projects funding	59,976	44,767	64,457	21,691	21,969
Program administration	1,844	2,253	1,689	1,316	1,211
Debt Service	-	-	-	-	-
Total Expenditures	140,470	137,828	180,423	71,745	74,715
Excess Revenues Over Expenditures	16,000	(14,048)	(84,704)	16,490	12,906
Other Financing Sources (Uses)					
Bond issuance	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change In Fund Balance	16,000	(14,048)	(84,704)	16,490	12,906
Fund Balance					
Non-Spendable	-	-	-	355	-
Restricted	406,428	390,427	404,474	488,823	472,689
Total Ending Fund Balance	\$ 406,428	\$ 390,427	\$ 404,474	\$ 489,178	\$ 472,689
Total Debt Service expenditures as a % Total Noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%

San Mateo County Transportation Authority
Fund Balances of Governmental Funds
Fiscal Years 2016 Through 2025 (in thousands)

This table presents the fund balances of Governmental Funds:

Fiscal year ended	General Fund			Total
	Non-Spendable	Restricted		
2025	\$ -	\$ 1,015,996		\$ 1,015,996
2024	3	893,738		893,741
2023	14	761,786		761,800
2022	-	648,810		648,810
2021	-	575,151		575,151
2020	-	406,428		406,428
2019	-	390,427		390,427
2018	-	404,474		404,474
2017	355	488,823		489,178
2016	-	472,689		472,689

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

San Mateo County Transportation Authority

Revenue Base and Revenue Rate
Fiscal Years 2016 Through 2025 (in thousands)

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

Fiscal Year	2025	2024	2023	2022	2021
The Sales Tax Rate ^[2]	0.75%	0.75%	0.75%	0.75%	0.75%
Total Sales Tax Revenue	\$ 171,421	\$ 173,258	\$ 176,627	\$ 169,024	\$ 140,453
Total Taxable Sales in San Mateo County ^[1]	\$ 22,856,155	\$ 23,101,045	\$ 23,550,216	\$ 22,536,513	\$ 17,700,000

^[1] 2025 taxable sales are estimates based on sales tax revenues received; 2025 taxable sales amount is the most current information available on the County of San Mateo Annual Comprehensive Financial Report.

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

Source: California State Board of Equalization and County of San Mateo County FY2024 Annual Comprehensive Financial Reports.

San Mateo County Transportation Authority

Revenue Base and Revenue Rate, Continued

Fiscal Years 2016 Through 2025 (in thousands)

Fiscal Year	2020	2019	2018	2017	2016
The Sales Tax Rate ^[2]	0.75%	0.50%	0.50%	0.50%	0.50%
Total Sales Tax Revenue	\$ 135,793	\$ 100,728	\$ 87,818	\$ 84,354	\$ 79,704
Total Taxable Sales in San Mateo County ^[1]	\$ 18,800,000	\$ 19,700,000	\$ 17,900,000	\$ 16,600,000	\$ 15,941,000

San Mateo County Transportation Authority

Principal Revenue Payers

Fiscal Years 2023 and 2015

This table presents the Principal Revenue Payers:

Major Industry Group	FY2024			FY2015		
	Rank	Percent of Sales		Rank	Percent of Sales	
		Receipts	Amount		Receipts	Amount
County & State Pool	1	20.25%	\$ 44,882,343	3	14.25%	\$ 22,230,452
Autos And Transportation	2	17.97%	39,830,654	2	18.04%	28,150,959
General Consumer Goods	3	17.09%	37,875,393	1	21.30%	33,238,075
Business And Industry	4	13.88%	30,763,881	5	13.39%	20,899,280
Restaurants And Hotels	5	11.55%	25,603,698	4	10.70%	16,696,444
Building And Construction	6	7.73%	17,125,110	7	8.44%	13,170,777
Fuel And Service Stations	7	7.11%	15,756,155	6	8.72%	13,602,220
Food And Drugs	8	4.25%	9,428,744	8	5.12%	7,988,774
Transfers & Unidentified	9	0.16%	348,505	9	0.04%	63,468
Total			<u>\$221,614,483</u>			<u>\$156,040,449</u>

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

San Mateo County Transportation Authority

Ratios of Outstanding Debt by Type

Fiscal Years 2021 Through 2025 (in thousands)

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

Fiscal Year	Revenue Bonds for Transportation Authority ^[1]		Subscription Liability ^[1]	Personal Income for San Mateo County ^[2]		As a Percent of Personal Income
2025	\$ 93,710		\$ -	\$ 133,179,021	*	0.07%
2024		100,000		129,400,731	*	0.08%
2023		100,000	62	125,631,778	*	0.08%
2022		100,000	184	121,972,600	*	0.08%
2021		100,000	-	118,420,000		0.08%

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

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

*Total Personal Income and Per Capita Personal Income data for 2023, 2024 and 2025 is based on an estimated three percent annual increase over 2022. Source data for table is FY24 San Mateo County ACFR.

Historical information is not applicable prior to 2021 as the Transportation Authority did not have any outstanding bonds.

San Mateo County Transportation Authority

Ratios of General Bonded Debt Outstanding

Fiscal Years 2021 Through 2025 (in thousands)

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

Fiscal Year	Revenue Bonds for Transportation Authority	Total Taxable Sales in San Mateo County		As a Percent of Total Taxable Sales in San Mateo County	
2025	\$ 93,710	\$ 22,856,155 ^[1]		0.41%	
2024	100,000	23,101,045 ^[1]		0.43%	
2023	100,000	23,550,216 ^[1]		0.42%	
2022	100,000	21,960,000 ^[1]		0.46%	
2021	100,000	17,700,000 ^[1]		0.56%	

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

Source: Current and Prior years' Annual Comprehensive Financial Reports and California State Board of Equalization.

Historical information is not applicable prior to 2021 as the Transportation Authority did not have any bonded debt.

San Mateo County Transportation Authority
Direct and Overlapping Debt and Limitations
Fiscal Years 2016 Through 2025

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

San Mateo County Transportation Authority

Pledged-Revenue Coverage

Fiscal Years 2021 Through 2025 (in thousands)

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

Fiscal Year	Sales Tax	Principal	Interest	Total	Coverage
2025	\$ 171,421	\$ 6,290	\$ 2,095	\$ 8,385	20.4
2024	173,258	-	2,972	2,972	58.3
2023	176,627	-	1,710	1,710	102.3
2022	169,024	-	289	289	586.0
2021	140,453	-	259	259	541.5

Source: Current years' Annual Comprehensive Financial Reports.

Historical information is not applicable prior to 2021 as the Transportation Authority did not have any pledged revenue.

San Mateo County Transportation Authority

Population, Income and Unemployment Rates

Fiscal Years 2016 Through 2025

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

Year	Population	Total Personal		Per Capita		Average Unemployment Rates
		[1]	Income (in millions)	[2]	Personal Income	
2025	737,847	\$	133,179	*	\$ 183,353	*
2024	734,481		129,401	*	175,366	*
2023	737,644		125,632		170,259	3.1%
2022	740,821		121,973		165,300	2.1%
2021	751,596		118,420		160,485	5.0%
2020	771,061		108,470		142,264	10.8%
2019	774,231		100,799		131,180	2.2%
2018	772,372		96,226		124,705	2.5%
2017	770,256		89,149		115,556	2.9%
2016	765,895		81,488		106,115	3.3%

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

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

[3] Data include retroactive revisions by the State of California Employment Development Department.

Unemployment rates are non-seasonally adjusted for June.

*2025 Population growth is based on 0.50% decline from 2023 to 2024.

*Total Personal Income and Per Capital Personal Income data for 2024 and 2025 is based on an estimated three percent annual increase over 2023. Source data for table is FY24 San Mateo County ACFR.

Source: County of San Mateo FY2024 Annual Comprehensive Financial Reports.

San Mateo County Transportation Authority

Principal Employers

Fiscal Years 2023* and 2015

This table presents the top 10 principal employers in San Mateo County for 2023 and 2016.

Employers in San Mateo County	Business Type	2023*			2016		
		Number of Employees	Rank	Percent of Total County Employment	Number of Employees	Rank	Percent of Total County Employment
Meta (Facebook Inc.)	Social Network	18,000	1	4.28%	6,068	4	1.40%
Genentech Inc.	Biotechnology	9,000	2	2.14%	10,000	2	2.30%
County of San Mateo	Government	5,959	3	1.42%	5,500	5	1.26%
Gilead Sciences Inc.	Biotechnology	4,307	4	1.02%	3,500	7	0.80%
Sutter Health	Health Care	3,347	5	0.80%			
Sony Interactive Entertainment	Interactive Entertainment	3,000	6	0.71%			
YouTube	Online Video-Streaming Platform	2,500	7	0.59%			
Safeway Inc.	Retail Grocer	2,117	8	0.50%	2,393	9	0.55%
Kaiser Permanente	Health Care	2,100	9	0.50%			
Electronic Arts Inc.	Video Game Developer and Publisher	1,600	10	0.38%	2,367	10	0.54%
United Airlines	Airline				10,500	1	2.41%
Oracle Corp.	Hardware and Software				6,750	3	1.55%
Visa USA/Visa International	Global Payments Technology				3,500	6	0.80%
Mills-Peninsula Health Services	Health Care				2,500	8	0.57%
Total		51,930		12.34%	53,078		12.18%

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

Source: San Francisco Business Times - 2024 Book of Lists; California Employment Development Department (provided by San Mateo County Controller's office) from the FY2024 County of San Mateo ACFR.

San Mateo County Transportation Authority

Capital Outlay

Fiscal Years 2016 Through 2025 (in thousands)

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

Cumulative Capital Projects	2025	2024	2023	2022	2021
Dumbarton Spur	\$ 34,076	\$ 34,061	\$ 34,039	\$ 34,006	\$ 33,996
Caltrain-Downtown Extension	388,600	377,497	374,496	369,716	353,331
Paratransit	902	521	158	8	8
Ferry	9,070	9,042	8,978	8,927	8,286
Local Shuttle	38,747	35,994	32,118	27,771	25,021
Railroad Grade Separations	371,655	363,264	354,456	343,834	333,621
Streets and Highways	676,654	661,102	653,476	644,905	578,776
Alternative Congestion Relief	9,420	7,641	6,084	5,050	4,164
Admin, Oversight and Bicycle	39,722	33,733	27,263	25,598	23,249
Total	\$ 1,568,846	\$ 1,522,855	\$ 1,491,068	\$ 1,459,815	\$ 1,360,452

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

San Mateo County Transportation Authority
 Capital Outlay, Continued
 Fiscal Years 2016 Through 2025 (in thousands)

Cumulative Capital Projects	2020	2019	2018	2017	2016
Dumbarton Spur	\$ 33,831	\$ 33,697	\$ 33,657	\$ 33,447	\$ 33,309
Caltrain-Downtown Extension	332,396	316,908	291,837	229,908	216,918
Paratransit	7	7	7	7	7
Ferry	8,170	8,097	8,090	8,090	8,090
Local Shuttle	19,680	16,951	13,101	10,892	7,850
Railroad Grade Separations	311,280	293,341	269,226	251,184	250,363
Streets and Highways	474,903	418,793	377,040	314,829	294,846
Alternative Congestion Relief	3,742	2,973	2,269	1,811	1,366
Admin, Oversight and Bicycle	26,531	23,428	21,117	18,541	16,321
Total	\$ 1,210,540	\$ 1,114,195	\$ 1,016,344	\$ 868,709	\$ 829,070

San Mateo County Transportation Authority
Employees
Fiscal Years 2016 Through 2025

This table presents total full-time equivalents by division.

Division	Full-Time Equivalents				
	2025	2024	2023	2022	2021
Communications	4.23	3.50	-	-	-
Executive	0.33	0.45	-	-	-
Finance	2.6	3.02	-	-	-
People and Culture	0.00	0.10	-	-	-
Planning	1.04	2.68	-	-	-
Transportation Authority	9.21	8.17	-	-	-
Caltrain Modernization Program	-	-	-	-	-
Customer Service and Marketing	-	-	4.07	2.75	2.56
Executive	-	-	0.45	0.35	0.35
Finance and Administration	-	-	4.05	3.37	2.89
Operations, Engineering and Construction	-	-	0.11	0.07	0.07
Planning and Development	-	-	10.94	10.11	8.71
Public Affairs	-	-	-	-	-
Total Employees	17.41	17.92	19.62	16.65	14.58

Note: Historical years are presented using budgeted Full-Time Equivalent (FTE), whereas Fiscal Year 2025 reflects actual FTEs.

Note: The organization went through a reorganization in FY2024.

Source: TA's annual operating and capital budgets.

San Mateo County Transportation Authority
 Employees, Continued
 Fiscal Years 2016 Through 2025

Division	Full-Time Equivalents					
	2020	2019	2018	2017	2016	2015
Communications	-	-	-	-	-	-
Executive	-	-	-	-	-	-
Finance	-	-	-	-	-	-
People and Culture	-	-	-	-	-	-
Planning	-	-	-	-	-	-
Transportation Authority	-	-	-	-	-	-
Caltrain Modernization Program	-	-	-	0.20	-	-
Customer Service and Marketing	3.02	1.39	1.50	1.50	0.15	0.15
Executive	0.35	0.50	0.50	0.50	0.40	0.57
Finance and Administration	2.65	3.07	2.80	2.75	2.17	2.10
Operations, Engineering and Construction	0.12	0.14	0.08	0.08	4.16	4.34
Planning and Development	9.07	7.94	7.59	7.59	3.39	3.35
Public Affairs	-	-	-	-	1.40	1.20
Total Employees	15.21	13.04	12.47	12.62	11.67	11.71

San Mateo County Transportation Authority
 Capital Assets
 Fiscal Years 2016 Through 2025 (in thousands)

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Depreciable capital assets					
Subscription assets	\$ -	\$ 303	\$ 303	\$ 303	\$ 303
Accumulated depreciation for Subscription assets	-	(303)	(242)	(121)	-
Land	<u>11,682</u>	<u>11,682</u>	<u>11,682</u>	<u>11,682</u>	<u>11,682</u>
Capital Assets, Net	<u>\$ 11,682</u>	<u>\$ 11,682</u>	<u>\$ 11,743</u>	<u>\$ 11,864</u>	<u>\$ 11,985</u>

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

San Mateo County Transportation Authority
 Capital Assets, Continued
 Fiscal Years 2016 Through 2025 (in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Depreciable capital assets					
Subscription assets	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated depreciation for Subscription assets	- - - -	- - - -	- - - -	- - - -	- - - -
Land	<u>11,682</u>	<u>11,682</u>	<u>11,682</u>	<u>11,682</u>	<u>11,682</u>
Capital Assets, Net	<u>\$ 11,682</u>				

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Independent Auditor's Reports
June 30, 2025

**San Mateo County Transportation
Authority**

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Independent Auditor's 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, in accordance with the 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, the financial statements of the governmental activities and the general fund of the San Mateo County Transportation Authority (Transportation Authority) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Transportation Authority's basic financial statements, and have issued our report thereon dated December 10, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Transportation Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 Transportation Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Transportation Authority's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Transportation Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Transportation Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is fluid and cursive, with "Eide" and "Baily" connected, and "LLP" in a smaller, separate section.

Menlo Park, California

December 10, 2025

San Mateo County Transportation Authority
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Financial Statements

Type of auditor's report issued on whether the financial statements audited
were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

No

Significant deficiencies identified not considered to be material weaknesses?

None reported

Noncompliance material to financial statements noted?

No

San Mateo County Transportation Authority
Financial Statement Findings
Year Ended June 30, 2025

None reported.