

San Mateo County Transportation Authority

San Carlos, California



Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2021
With Comparative Totals for 2020



SAN MATEO COUNTY
**Transportation
Authority**

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Transportation
Authority

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2021
(With Comparative Totals for 2020)

Prepared by the Finance Division

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San Mateo County Transportation Authority

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June 30, 2021

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Introductory

Letter of Transmittal

GFOA Certificate of Achievement

Board of Directors

Executive Management

Organization Chart

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October 11, 2021

To the Board of Directors of the San Mateo County

San Carlos, California

**Annual Comprehensive Financial Report
Year Ended June 30, 2021**

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, 2020 through June 30, 2021. 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. Readers desiring an analytical overview of the basic financial statements or the Transportation Authority's financial activities may refer to the Management's Discussion and Analysis in the Financial Section.

Management assumes sole responsibility for the information contained in this report, including its presentation and the adequacy of its disclosures. To the best of our knowledge, this report is complete and reliable in all material respects. To provide a reasonable basis for making this representation, we have established a comprehensive system of internal controls designed to protect the 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.

Organizational Profile

Basic Information

San Mateo County, with a population of over 775,000, 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. 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 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 Transportation Expenditure Plan (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) 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 four categories:

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

The 2004 Measure A TEP requires the Transportation Authority to develop and adopt a Strategic Plan and that it be updated at least once every five years. The Measure W TEP, otherwise known as the San Mateo County Congestion Relief Plan, also requires the Transportation Authority to prepare a Strategic Plan with broad-based public outreach. This plan, which was approved in December 2019 by the Transportation Authority Board of Directors, provides the policy guidance for the implementation of both the Measure A and Measure W transportation sales tax programs the Transportation Authority is tasked with administering over the five years from 2020 to 2024.

Whenever possible, the Transportation Authority seeks to attract matching funds, which grantees provide in the form of state, federal, local, private, and other funds. These efforts have led to effective partnerships with city, county, state, and federal agencies for designing and completing transportation projects. The Transportation Authority itself is not a recipient of federal assistance.

Interested readers may view the Measure A and Measure W TEPs as well as the Strategic Plan 2020-2024 online at www.smcta.com or by contacting:

Director, Transportation Authority Program
San Mateo County Transportation Authority
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 Citizens' Advisory Committee. The Board members are selected as follows:

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

The Board of Directors meets once a month to determine overall policy for the Transportation Authority and to review the progress of the Transportation Expenditure Plans.

Administration

The District provides administrative and staff services under the direction and oversight of the Transportation Authority Board of Directors as provided for in Transportation Authority Resolution No. 1988-3, "Designating the San Mateo County Transit District to Manage the Affairs of the Authority, and Appointing an Executive Director, Attorney, Controller and Treasurer" and the proposal attached thereto and referenced therein. District staff manages the funds collected through Measures A and W, allocates the funds to grantees as authorized by the Board, and monitors delivery of projects funded by these tax measures. The Transportation Authority reimburses the District for the cost of its direct services charged to its cost centers and also for indirect charges associated with work for the Transportation Authority. These overhead rates are approved by the U.S. Department of Transportation. Currently, District divisions and departments provide a complete and responsive team for all the Transportation Authority activities as follows:

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

San Mateo County Transportation Authority

Letter of Transmittal

June 30, 2021

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

The *Bus Division* provides technical support for the Transportation Authority project sponsors, specifically for commuter and community shuttles. The Bus Division also operates the Redi-Wheels paratransit program, which is partially funded by Measure A.

The *Rail Division and the Caltrain Modernization Program (CalMod)* manages the Caltrain service, carries out state of good repair, the Peninsula Corridor Electrification Project, and Positive Train Control. The division also assists sponsors with implementing major projects, such as grade separations, with expertise offered by the capital project engineering and construction teams.

The *Communications Division* is responsible for customer service, marketing, advertising, public information, media relations, legislative activities, social media and community outreach.

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

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

Component Units

The 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 San Mateo County Transit District (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 an annual budget based on established agency goals, objectives and performance measures to the Board of Directors. The Board of Directors monitors budget-to-actual performance through monthly staff reports. The Financial Section of this report includes supplemental schedules that compare actual results on a budgetary basis of accounting to the original and final adopted budgets.

Once adopted, the Board of Directors has the authority to amend the budget. While the legal level of budgetary control is at the entity level, the 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 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, except that actual proceeds from the sale of capital assets, unrealized investment gains and losses and inter-fund transfers are not included in the budget. 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 2021 was \$769.4 million.

Financial and Economic Outlook

Due to the COVID-19 pandemic, 2020 saw record unemployment and many struggles for businesses and consumers alike. Despite that, financial assistance from the federal government, policies to limit the spread of COVID cases and the introduction of vaccines to combat COVID-19 in early 2021, the state of California and the Bay area are emerging and beginning to recover as we move into the fall of 2021.

According to the California labor department, the unemployment rate in the San Francisco-Redwood City-South San Francisco Metropolitan division was 4.8 percent in August 2021, down from a revised 5.1 percent in July 2021, and below the year-ago estimate of 9.1 percent. This compares with an unadjusted unemployment rate of 7.5 percent for California and 5.3 percent for the nation during the same period.

The unemployment rate was 5.0 percent in San Francisco County, and 4.6 percent in San Mateo County. The Leisure and Hospitality sector was most impacted by the shutdown and it is this sector that has seen the most job increases. Given that the state fully re-opened on June 15th, the recent hiring surge is expected to continue through the summer months.

San Mateo County unemployment rate was at a high of 11.4 percent in April 2020. While still not at pre pandemic levels, when unemployment was 2.1 percent in Feb. 2020, 4.6 percent as of August 2021 has shown the strong recovery partly due to the relatively large numbers of high-tech jobs that transitioned to working remotely.

The San Mateo County population is expected to grow more slowly than the Bay Area average during the 2020-2025 forecast period. Net migration will not be material and many of those who have relocated out of the county have been to areas with more affordable housing. Housing affordability has gotten worse over time. In 2019 the median home price in San Mateo County was \$1.3 million. Most of the projected housing production is expected to be apartments and condos.

The San Mateo County technology sector continues to expand. In 2019, venture capital funding to local tech firms surpassed \$32 billion, helping to fuel job growth. The county now has 12,200 workers at software firms, 26,000 workers at Internet publishing and data services companies. Real Income per capita in 2019 was \$133,117 placing San Mateo County among the wealthiest regions of California. This is expected to decline slightly in 2020 to \$125,037 but forecasted to grow 2.7 percent in 2021.

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 broad spectrum of projects and programs to meet San Mateo County's growing transportation need. Long-term financial planning is crucial in order 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. The current plan, Strategic Plan 2020-2024, was adopted in December 2019, and can be viewed at https://www.smcta.com/about/Strategic_Plan_2020-2024.html. 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 Countywide Transportation Plan and the Transportation Expenditure Plan.

Below are highlights of the programs currently supported by Measures A and W.

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. Projects funded include:

- Safety improvements
- Planning studies to support new capital projects and operations
- State of good repair projects for:
 - Rail and associated civil structures
 - Bridges
 - Signal and communications
 - Facilities
 - Vehicles

Notable recent projects supported by Measure A include:

- Ongoing construction of a new South San Francisco Caltrain station. Slated for completion in 2021.
- Ongoing construction for the Peninsula Corridor Electrification and the Positive Train Control projects.
- Ongoing decommissioning of the Atherton Station to help eliminate holdout rules along the corridor.

Grade Separations

The 2004 Measure A TEP provides 15 percent of sales tax revenue dedicated toward improving safety at railroad crossings and relieving local traffic congestion. In addition, Measure W dedicates two and half percent of sales tax revenue to augment the grade separation program. Due to the high cost of constructing railroad grade separations, the Transportation Authority Board limited the funding four pipeline projects and identified a set-aside toward planning for additional grade separations for the 2004

Measure A funds. To-date, \$113.4 million of Measure A funds have been allocated toward grade separations while no Measure W funds have yet been allocated.

Notable recent projects supported by Measure A include:

- Ongoing construction of the 25th Avenue Grade Separation Project in the City of San Mateo, slated for completion in 2021.
- Ongoing final design of the Broadway Grade Separation Project in the City of Burlingame.
- Ongoing planning for the South Linden Street and Scott Avenue Grade Separation Project in the City of South San Francisco and City of San Bruno.
- Planning funds for Ravenswood Grade Separation Project in the City of Menlo Park.
- Ongoing planning for the Whipple Avenue Grade Separation Project in the City of Redwood City.

Accessible Services

With a growing aging population in San Mateo County, Accessible Services are becoming an even more critical component of providing mobility options for county residents. Four percent of the 2004 Measure A TEP is provided to SamTrans for their annual Paratransit budget, providing an essential lifeline for the county's mobility-impaired population.

Shuttles

Four percent of the 2004 Measure A TEP supports commuter and community shuttle programs in San Mateo County. To date, the Measure A program has allocated over \$38.5 million in funding for shuttle operations. The current 2-year shuttle funding cycle began on July 1, 2020 and provides support to a combination of 28 commuter and community shuttles.

Highway Program

The 2004 Measure A TEP provides 27.5 percent of the annual one-cent sales tax receipts for highway projects, while Measure W added another 22.5 percent of the new one cent sales approved by voters in 2018 for these types of projects. Together, these two measures provide approximately \$46.8 million for the highway program in FY2021. 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. These planning documents support a forthcoming call for projects processes to make specific project investments which are anchored to the goals of Measure A and the Core Principles of Measure W. 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 projects completed include:

- Substantial completion of the southern segment of the U.S. 101 Express Lanes Project from the Santa Clara County Line to Whipple Avenue.
- Ongoing construction of the northern segment of the U.S. 101 Express Lanes Project from Whipple Avenue to I-380.
- Ongoing final design for the U.S. 101/Woodside Road Interchange Project.

In 2019, as co-sponsors of the San Mateo U.S. 101 Express Lanes Project with the City/County of Association of Governments of San Mateo County (C/CAG), the Transportation Authority and C/CAG jointly created the San Mateo County Express Lanes Joint Powers Authority (SMCELJPA). The SMCELJPA Board is comprised of 6 members, three members each from the TA and C/CAG Boards, and the new agency is the owner of the San Mateo County express lanes, and will be responsible for administration and management of the facility once the construction of the facility is complete. The facility, when complete in late 2022, will provide 22 continuous miles of express lanes in each direction on the U.S. 101 Corridor within San Mateo County.

In mid-2020, the Transportation Authority issued \$100 million subordinate sales tax revenue bonds, and then the TA Board took action to authorize a loan to SMCELJPA of up to \$100 million in support of the construction of the San Mateo U.S. 101 Express Lanes Project, which has a project cost of \$581 million. In addition to the \$100 million loan, the project also has funding sources that include State, Regional, and Federal grants, as well as \$53 million in private sector funds. The Transportation Authority and SMCELJPA entered into a loan agreement, and the SMCELJPA pledged to pay the \$100 million loan from future toll revenues in the coming years.

Alternative Congestion Relief

The Transportation Authority funds alternative congestion relief (ACR) programs aimed at reducing single occupancy vehicles (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. One percent of Measure A proceeds are set aside 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 made an allocation of \$567,036 in support of Commute.org's Fiscal Year 2020 work plan. Commute.org's work plan concentrates on four primary activities:

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

As part of the Measure W, four percent of the Measure W Highway Congestion Improvements Category will be used to fund Transportation Demand Management (TDM)/ACR programs, which is equivalent to one percent of the total Measure W program. In early 2021, the TA kicked off the planning process to prepare an ACR/TDM Plan to guide project selection process for TDM/ACR projects. Once the plan is approved by the TA Board, which is expected by early 2022, the TA will issue the first ACR/TDM call for projects.

Pedestrian and Bicycle Programs

Three percent of the 2004 Measure A TEP and 5 percent of Measure W funds are 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. The 2004 Transportation Expenditure Plan and the Measure W Congestion Relief Plan include a list of candidate pedestrian and bicycle candidate improvement projects. Funding considerations are made through a call for projects where project review committees evaluate applications and review the projects based on a set of criteria which were approved as part of the adoption of the Strategic Plan. The Transportation Authority allocated approximately \$8.1 million to 13 projects in 2020 from its fifth Pedestrian and Bicycle Call for Projects. As of June 30, 2021, a total of \$28.8 million has been allocated to pedestrian and bicycle projects and programs by the Transportation Authority.

Ferry

The 2004 Measure A TEP includes two percent of sales tax revenue be dedicated to San Mateo County ferry services. The purpose of the program is to fund specific projects related to capital projects that support service in South San Francisco and Redwood City. However, operating funds are not an eligible use of the funds. 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 30, 2021, a total of \$8.9 million has been allocated toward ferry projects.

Notable recent projects supported by Measure A:

- On-going feasibility study for a second ferry terminal in South San Francisco.
- Completion of the Redwood City Ferry Feasibility Study and funding allocation for a Business Plan.

Local Streets/Transportation Programs

The 2004 Measure A TEP requires the Transportation Authority to earmark 22.5 percent to local cities and San Mateo County for various transportation-related improvements according to a formula based on population and number of road-miles. Measure W has added an additional 10 percent to this category. During Fiscal Year 2021, local agencies received \$30.4 million from both Measures and recipients of these funds primarily use them for street projects.

Regional Transit Connections

Ten percent of Measure W will be invested in infrastructure and services that are designed to improve transit connectivity between the County and 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 different transit modes. A Regional Transit Connections planning study and an accompanying Transit CIP will be prepared in 2022 to better inform the competitive selection process for this program.

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 be modest, the Transportation Authority expects the continued enthusiasm and dedication of its transit professionals to meet the transportation challenges of the future.

The Government Finance Officers Association (GFOA) recognized the Transportation Authority's Fiscal Year 2020 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 2021 ACFR also meets the requirements for a Certificate of Achievement and 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 Board of Directors for their interest and support in the development and maintenance of a reliable financial management and reporting system.

Respectfully submitted,



Carter Mau

Acting General Manager/CEO



Derek Hansel

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 Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

Board of Directors

Emily Beach, Chair

Rico E. Medina, Vice Chair

Carole Groom

Don Horsley

Julia Mates

Mark Nagales

Carlos Romero

Acting General Manager/CEO

Carter Mau

Executive Officers

Derek Hansel – Chief Financial Officer

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

Michelle Bouchard – Acting Executive Director, Caltrain

John Funghi – Chief Officer, CalMod Program (Retiring*)

Casey Fromson – Acting Chief Communications Officer

David Olmeda – Chief Operating Officer, Bus

Dora Seamans – Executive Officer, District Secretary/Executive Administration

General Counsel

Hanson Bridgett LLP

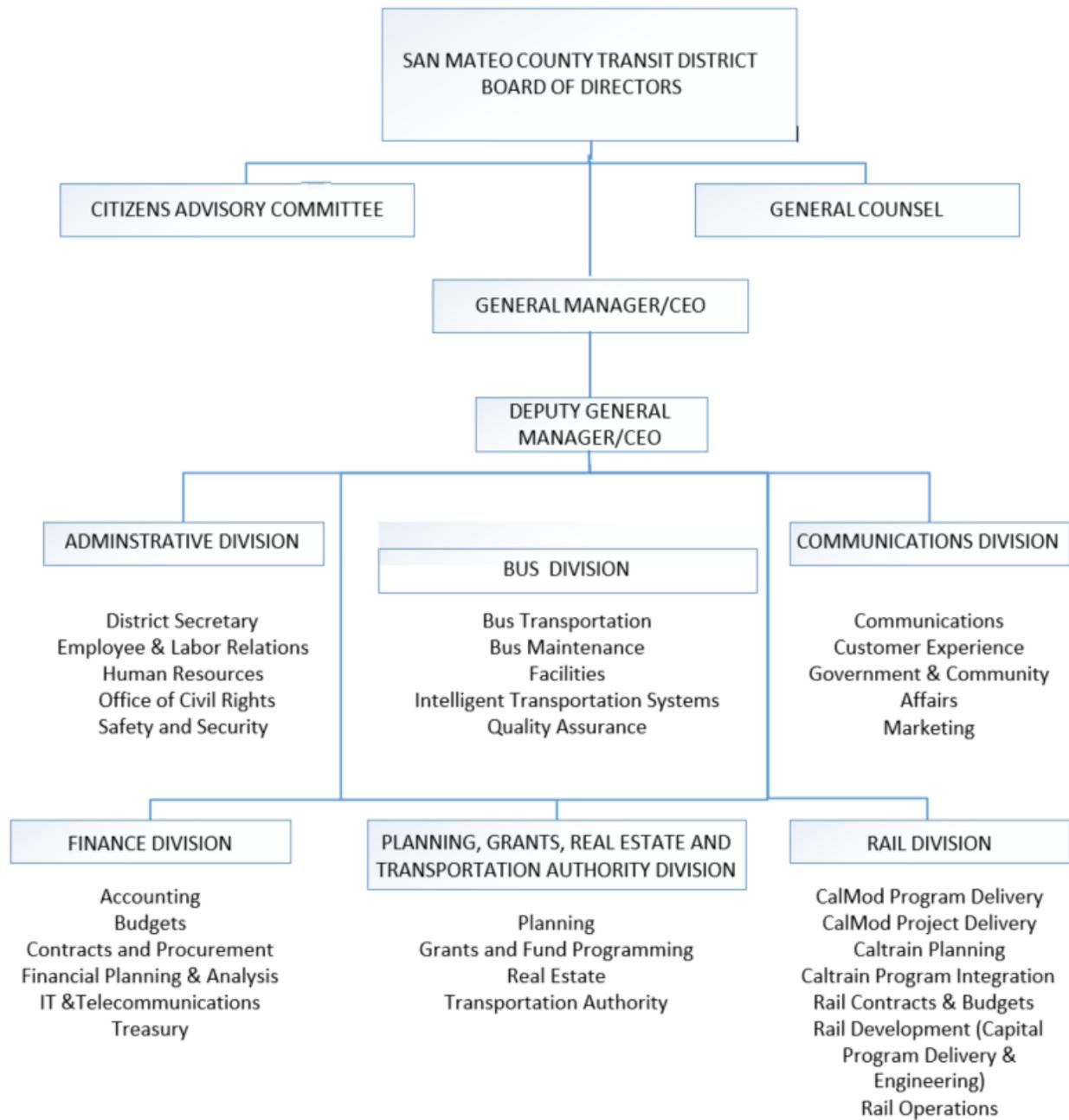
Joan Cassman, Esq.

*Pranaya Shrestha, Chief Officer, CalMod Program (September 13, 2021 – Present)

San Mateo County Transportation Authority

Organization Chart

June 30, 2021



San Mateo County, California



Table of Credits

The following individuals contributed to the production of the Fiscal Year 2021 Annual Comprehensive Financial Report:

Finance:	Deputy Chief Financial Officer	Grace Martinez, CPA
	Acting Director, Accounting	Jennifer Ye, CPA
	Director, Treasury	Connie Mobley-Ritter, MBA, CTP
	Acting Deputy Director, Financial Planning and Analysis	Ryan Hinchman
Audit Firm:	Partner	Nathan Edelman, CPA
	Manager	Joe Escobar, CPA

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

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying 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, 2021, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the 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, 2021, 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.

Other Matters

Prior-Year Comparative Information

We have previously audited the financial statements of the Transportation Authority as of and for the year ended June 30, 2020, and we expressed unmodified opinions on the respective financial statements of the governmental activities and the general fund in our report dated October 26, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Transportation Authority's basic financial statements. The introductory section, Schedule of Expenditures of Capital Projects from Inception to Date, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Capital Projects from Inception to Date is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Capital Projects from Inception to Date is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2021 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Transportation Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Menlo Park, California
October 11, 2021

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Management Discussion and Analysis
June 30, 2021

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, 2021, with comparisons to the fiscal year ended June 30, 2020. 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 of the Transportation Authority exceeded its liabilities at June 30, 2021 by \$492.3 million (net position). Of this amount, \$11.7 million represents net investment in capital assets and \$480.6 million represents restricted net position, which is restricted to Measure A and Measure W programs.
- The Transportation Authority's total net position increased by \$68.8 million. Expenses in the public transit projects and street and highways projects increased by \$54.9 million.
- At June 30, 2021, the Transportation Authority's Governmental Fund reported a balance of \$575.1 million, an increase of \$168.7 million in comparison with the prior year. The whole amount 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 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 of its funds as *governmental*. Unlike the *government-wide* financial statements discussed above, the financial statements for *governmental funds* focus on the inflows, outflows and balances of spendable resources, rather than net 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 a referendum approved by San Mateo County voters. These referendums are referred to as *Measure A and Measure W* and the list of eligible projects can be found in the *Transportation Expenditure 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, 2021, total assets were \$667.0 million, an increase of \$188.7 million or 39.5% from June 30, 2020. Cash and investments comprise \$508.8 million of this amount. With \$174.7 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 2021, existing encumbrances and expected future costs combined for current construction projects are estimated to total \$158.3 million.

Capital assets of \$11.7 million in 2021, remained unchanged from June 30, 2020.

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, 2021

	Governmental Activities	
	(in thousands)	
	2021	2020
Assets		
Current and other assets	\$ 655,366	\$ 466,619
Capital assets	11,682	11,682
Total assets	667,048	478,301
Liabilities		
Other liabilities	174,722	54,788
Total liabilities	174,722	54,788
Net Position		
Investment in capital assets	11,682	11,682
Restricted	480,644	411,831
Total net position	\$ 492,326	\$ 423,513

Total assets increased by \$188.7 million or 39.5% to \$667.0 million. Total liabilities increased by \$119.9 million or 218.9% to \$174.7 million.

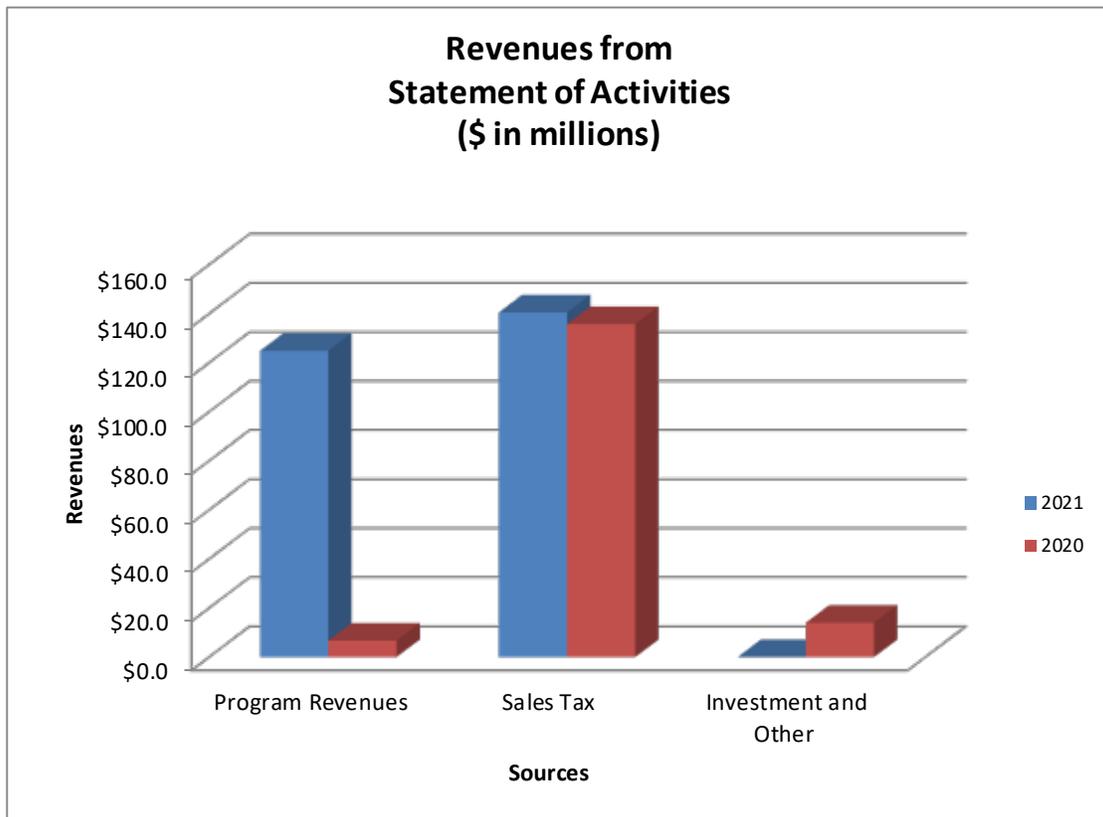
Net position increased by \$68.8 million 16.2% to \$492.3 million at June 30, 2021, the result of total revenues exceeded total expenses in 2021.

	Governmental Activities	
	(in thousands)	
	2021	2020
Revenues		
Program revenues		
Charges for services	\$ 1,029	\$ 1,050
Operating grants/contributions	123,887	5,672
General revenues		
Sales tax	140,453	135,793
Investment earnings (loss) and others	(860)	14,033
Total revenues	264,509	156,548
Expenses		
Public transit	55,409	45,534
Streets and highways	138,076	93,091
Others	2,211	1,844
Total expenses	195,696	140,469
Change in net position	68,813	16,079
Net position - beginning	423,513	407,434
Net position - ending	\$ 492,326	\$ 423,513

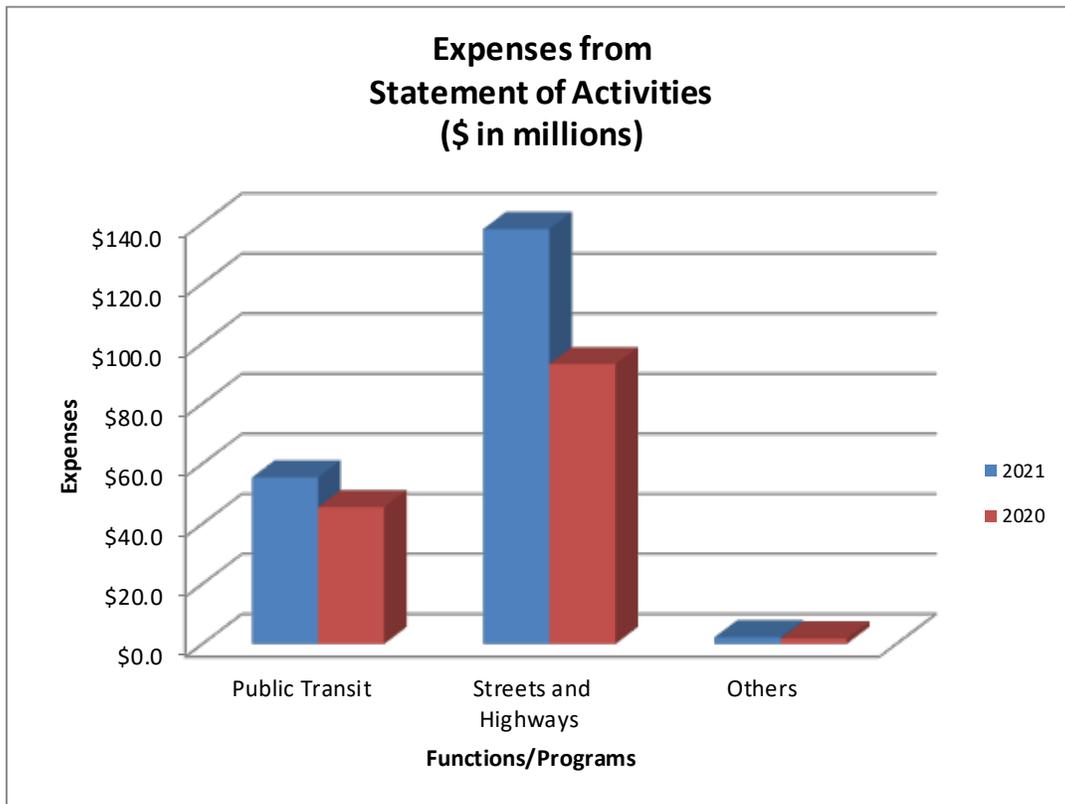
Governmental Activities

Total expenses for governmental activities were \$195.7 million in 2021, an increase of \$55.2 million or 39.3% compared to 2020. The functional components of total expenses are public transit (28.3%), streets and highways (70.6%) and other programs (1.1%). The following are the highlights of the Transportation Authority's governmental activities:

- Sales tax revenue increased by \$4.7 million or 3.4% to \$140.5 million in 2021 from 2020.
- Investment loss and other revenues of \$0.9 million in 2021 was \$14.9 million or 106.1% lower compared to investment earnings and other revenues in 2020.



- Expenses for public transit projects in 2021 increased by \$9.9 million or 21.7% to \$55.4 million compared to 2020. The increase was mainly due to more expenses in the South San Francisco Caltrain Station and Broadway Grade Separation projects, partially offset by less expenses in the San Mateo Local Share JPB CIP project and Caltrain electrification project.
- Spending for streets and highways in 2021 increased by \$45.0 million or 48.3% to \$138.1 million compared to 2020 mainly due to more expenses in the U.S. 101 Express Lanes Project (Whipple Avenue to San Bruno Avenue), Highway 1 Half Moon Bay Polar Wavecrest road Project, U.S. 101 Interchange to Broadway Project and U.S. 101 North of I-380 Managed Lanes Project, partially offset by less expenses in 84/101 Interchange Project, U.S. 101 Interchange to Willow Project and 2015 Pedestrian & Bike Project.



Financial Analysis of the Transportation Authority's Fund

The *General Fund* is the operating fund of the Transportation Authority. The fund balance reached \$575.1 million at June 30, 2021, an increase of \$168.7 million or 41.5% from June 30, 2020. The increase was mainly due to the bond proceeds of \$100.0 million from the 2020 Series A and B Subordinate Sales Tax Revenue Bonds and an increase of project reimbursement of \$118.2 million, partially offset by increases in project expenses. The total fund balance at June 30, 2021 is restricted for debt service, Measure A and Measure W projects and is available for spending at the discretion of the Transportation Authority's Board of Directors in accordance with the Transportation Expenditure 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. At June 30, 2021, the estimated cost to complete on-going projects is \$158.3 million or 27.5% 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 expenditures, except that 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 93.3% of the *General Fund's* total budgeted revenue for Fiscal Year 2021. Actual sales tax revenue for the year was \$140.5 million, which is greater than the budget by \$20.5 million or 17.0%.

Total program expenses excluding capital outlay, other services and supplies and professional and legal fees for the *General Fund* were slightly over budget.

The Transportation Authority spent \$149.9 million or 87.1% of its final 2021 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 2020 is not included in the 2021 *Budgetary Comparison Schedule*.

Capital Projects

The Transportation Authority spent \$149.9 million on capital projects in 2021, an increase of \$53.6 million or 55.6% compared to 2020. Following are the major capital expenditures:

- Caltrain Electrification project (\$3.5 million).
- San Mateo Local Share Caltrain CIP project (\$6.0 million).
- Construction costs associated with the U.S. 101/Willow Interchange project (\$3.3 million).
- Construction costs associated with the Highway 1 Half-Moon Bay Polar Wavcrest Road project (\$2.6 million).
- Construction costs associated with the U.S. 101/HOV Lane Whipple - San Bruno project (\$87.9 million).
- Construction costs associated with the 25th Avenue Grade Separation project (\$19.9 million).
- Construction costs associated with South San Francisco Caltrain Station project (\$10.5 million).
- Construction costs associated with the U.S. 101 Managed Lanes (I-380) project (\$1.9 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 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 are issued with a weekly rate reset and the Series B Bonds are issued with a daily rate reset. Interest is due payable on the Bonds every June 1 and December 1 with interest to be calculated on a 365/366-day basis. Proceeds were used to make a Project Loan to the San Mateo County Express Lanes Joint Powers Authority. 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 payments being 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 sales tax revenues generated by Measure A and Measure W. More information on the debt activity appears in Note #11 to the Financial Statements.

Economic Factors and Next Year's Budget

The Transportation Authority's Board adopted the Fiscal Year 2022 Budget of \$148.9 million on June 3, 2021. 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 four plan categories based on a percentage of projected sales tax revenues. The total annual allocations are approximately \$44.9 million. The Transportation Authority's projected program expenditures are approximately \$98.9 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.

Of the \$1 million budgeted for the Alternative Congestion Relief program, \$0.6 million was proposed to be set aside for Peninsula Traffic Congestion Relief Alliance's Transportation Demand Management (TDM) Program. A budget of \$7.7 million has been set aside 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 \$16.7 million for key congested corridors and \$9.8 million for the supplemental roadway projects. Grade Separation program has a budget of \$14.5 million. Under Measure W, the Countywide Highway Congestion Improvement program has a budget of \$21.7 million and Regional Transit Connections program has a budget of \$9.6 million. 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, 2021 (with Comparative Totals for 2020)(in thousands)

	Governmental Activities	
	2021	2020
Assets		
Cash and investments (Note 2)	\$ 508,829	\$ 433,979
Sales tax receivables	28,508	20,644
Interest receivables	1,458	2,475
Accounts receivables (Note 4)	10,454	5,052
Operating loan receivable from SMCELJPA (Note 12)	1,774	126
Long term project loan receivable from SMCELJPA (Note 12)	100,000	-
Long term note receivable (Note 3)	4,343	4,343
Capital assets, nondepreciable (Note 5)	11,682	11,682
Total Assets	667,048	478,301
Liabilities		
Accounts payable (Note 6)	10,652	4,846
Accrued liabilities (Note 7)	27,767	41,913
Unearned revenues	36,303	8,029
Long-term liabilities (Note 11) Due in more than one year	100,000	-
Total Liabilities	174,722	54,788
Net Position		
Investment in capital assets	11,682	11,682
Restricted for congestion management (Note 1J)	480,644	411,831
Total Net Position	\$ 492,326	\$ 423,513

San Mateo County Transportation Authority
Statement of Activities
June 30, 2021 (with Comparative Totals for 2020)(in thousands)

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position	
		Charges for Services	Operating Contributions and Grants	2021	2020
Governmental Activities					
Public Transit					
Upgrades and extensions	\$ 20,520	\$ -	\$ -	\$ (20,520)	\$ (15,488)
Grade separations	21,400	1,029	-	(20,371)	(16,889)
Dumbarton spur	45	-	-	(45)	(134)
BART	1,877	-	-	(1,877)	(1,833)
Caltrain	7,507	-	-	(7,507)	(7,331)
Projects funding	4,060	-	-	(4,060)	(2,810)
Street and highways					
Distributions to local entities	34,190	-	-	(34,190)	(33,115)
Projects funding	103,886	-	123,887	20,001	(54,303)
Program administration	2,211	-	-	(2,211)	(1,844)
Total Governmental Activities	\$ 195,696	\$ 1,029	\$ 123,887	(70,780)	(133,747)
General Revenues					
Sales tax revenue				140,453	135,793
Investment gain/(loss) and other (Note 8)				(860)	14,033
Total General Revenues				139,593	149,826
Change in net position				68,813	16,079
Net position, beginning of year				423,513	407,434
Net Position, End of Year				\$ 492,326	\$ 423,513

San Mateo County Transportation Authority
Governmental Funds – General Fund Balance Sheet
June 30, 2021 (with Comparative Totals for 2020)(in thousands)

	2021	2020
Assets		
Cash and investments (Note 2)	\$ 508,829	\$ 433,979
Sales tax receivables	28,508	20,644
Interest receivables	1,458	2,475
Accounts receivables (Note 4)	10,454	5,052
Operating loan receivable from SMCELJPA (Note 12)	1,774	126
Long term project loan receivable from SMCELJPA (Note 12)	100,000	-
Total Assets	\$ 651,023	\$ 462,276
Liabilities, Deferred Inflows, and Fund Balance		
Liabilities		
Accounts payable (Note 6)	10,652	4,846
Accrued liabilities (Note 7)	27,767	41,913
Unearned revenues	36,303	8,029
Total Liabilities	74,722	54,788
Deferred Inflows of Resources		
Unavailable revenues	1,157	1,060
Fund Balance		
Restricted for congestion management (Note 1K)	575,144	406,428
Total Fund Balance	575,144	406,428
Total Liabilities, Deferred Inflows, and Fund Balance	\$ 651,023	\$ 462,276

San Mateo County Transportation Authority
 Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
 Year Ended June 30, 2021 (with Comparative Totals for 2020)(in thousands)

	2021	2020
Total Fund Balances - Governmental Fund	\$ 575,144	\$ 406,428
<p>Amounts reported for governmental activities in the statement of net position are different because</p>		
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 note receivable is not a financial resource and, therefore, is not reported in the governmental fund.	4,343	4,343
Accrued interest on long-term note receivable is not available to pay for current period expenditures and therefore are deferred in the governmental fund.	1,157	1,060
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the governmental fund.	(100,000)	-
Net Position Of Governmental Activities	\$ 492,326	\$ 423,513

San Mateo County Transportation Authority

Governmental Funds – General Fund Statement of Revenues, Expenditures and Changes in Fund

Balances

Year Ended June 30, 2021 (with Comparative Totals for 2020)(in thousands)

	2021	2020
Revenues		
Sales tax revenue	\$ 140,453	\$ 135,793
Investment income (loss) (Note 8)	(957)	13,955
Rental income	1,029	1,050
Reimbursements from other agencies	123,877	5,669
Other income	10	4
	264,412	156,471
Total Revenues		
Current Expenditures		
Public Transit		
Upgrades and extensions	20,520	15,488
Grade separations	21,400	17,939
Dumbarton spur	45	134
BART	1,877	1,833
Caltrain	7,507	7,331
Projects funding	4,060	2,810
Street and highways		
Distributions to local entities	34,190	33,115
Projects funding	103,886	59,976
Program administration	2,211	1,844
	195,696	140,470
Total Expenditures		
Other Financing Sources		
Proceeds of bond issuance	100,000	-
	168,716	16,001
Net Change in Fund Balance		
Beginning Fund Balance	406,428	390,427
	\$ 575,144	\$ 406,428
Ending Fund Balance		

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, 2021 (with Comparative Totals for 2020)(in thousands)

	2021	2020
Amounts reported for governmental activities in the statement of activities are different because of the following:		
Net Change In Fund Balances - Total Governmental Fund	\$ 168,716	\$ 16,001
Accrual of interest revenue on the note receivable for the sale of land is recorded as revenue in the government-wide statement of activities, but is not recorded in the governmental fund.	97	78
Proceeds from sale of bonds is reported as revenues and other financing sources in the governmental funds but do not impact the statement of activities.	(100,000)	-
Change In Net Position Of Governmental Activities	\$ 68,813	\$ 16,079

San Mateo County Transportation Authority

Notes to the Financial Statements

June 30, 2021 (with Comparative Totals for 2020)

Index to the Notes		Pages
(1)	Reporting Entity and Significant Accounting Policies	18
(2)	Cash and Investments	25
(3)	Long Term Note Receivable	31
(4)	Accounts Receivables	31
(5)	Capital Assets	32
(6)	Accounts Payable	32
(7)	Accrued Liabilities	33
(8)	Investment Income (loss)	33
(9)	Commitments and Contingencies	34
(10)	Insurance Programs	35
(11)	Long-Term Liabilities	35
(12)	Related Parties and Jointly Governed Organizations	37

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 the proceeds of the tax to the Transportation Authority. 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. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance related to fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Implementation of this statement did not have material impact on the Transportation Authority's financial statements.

GASB Statement No. 90 – In August 2018, GASB issued Statement No. 90, *Majority Equity Interest, an amendment of GASB statement No. 14 and No. 61*. The objective of this Statement is to improve how majority equity interest is reported. The Statement specifies that a majority equity interest in a legally separate organization should be reported as an investment using the equity method if a government's holding of the equity interest meets the definition of an investment and for all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit. Implementation of this statement did not have material impact on the Transportation Authority's financial statements.

Effective in Future Fiscal Years

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

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

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

San Mateo County Transportation Authority

Notes to the Financial Statements

June 30, 2021 (with Comparative Totals for 2020)

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

GASB Statement No. 93 – In May 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and reporting implications resulting from the replacement of an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 or FY 2021/2022, except the removal of LIBOR as a benchmark interest rate which is effective for periods beginning after December 31, 2022 or FY 2022/2023. The Transportation Authority is evaluating the impact of this Statement on the financial statements.

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

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

San Mateo County Transportation Authority

Notes to the Financial Statements

June 30, 2021 (with Comparative Totals for 2020)

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

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 are reported as expenditures in governmental funds.

E. Fair Value Measurement

Generally accepted accounting principles provides 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, 2021 and 2020, 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.

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 not have depreciable capital assets. 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 Inflows of Resources

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

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:

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 nondepreciable 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, 2021 (with Comparative Totals for 2020)

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.

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, 2020 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, 2020 from which such comparative partial information was derived.

San Mateo County Transportation Authority

Notes to the Financial Statements

June 30, 2021 (with Comparative Totals for 2020)

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, 2021	June 30, 2020
Cash and Investments		
Cash in bank	\$ 67,758	\$ 38,261
Restricted cash with fiscal agent	34,588	-
Investments	406,483	395,718
Total cash and investments	\$ 508,829	\$ 433,979

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	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	None	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	N/A	None	\$75M
San Mateo County Investment Pool	None	Up to the current state limit		

San Mateo County Transportation Authority

Notes to the Financial Statements

June 30, 2021 (with Comparative Totals for 2020)

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, 2021 was as follows:

Investment Type	Amount (in thousands)	Weighted Average Maturity (in years)
U.S. Treasury Bonds/Notes	\$ 105,174	3.07
Federal Agency Collateralized and Agency Bonds/Notes	35,633	0.93
Certificates of Deposit	6,433	1.12
Corporate Bonds and Notes	15,418	2.37
Asset Back Securities	1,990	0.64
Municipal Debt Securities	389	2.97
Money Market Mutual Funds	20,688	-
LAIF	74,209	0.80
San Mateo County Pool	146,549	1.81
Total	\$ 406,483	
Portfolio Weighted Average Maturity		1.79

San Mateo County Transportation Authority

Notes to the Financial Statements

June 30, 2021 (with Comparative Totals for 2020)

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

Investment Type	Amount (in thousands)	Weighted Average Maturity (in years)
U.S. Treasury Bonds/Notes	\$ 76,391	2.52
Federal Agency Collateralized and Agency Bonds/Notes	23,588	2.32
Commercial Paper	9,258	0.24
Certificates of Deposit	14,043	1.44
Corporate Bonds and Notes	30,888	2.19
Asset Back Securities	9,260	2.11
Municipal Debt Securities	396	4.09
Money Market Mutual Funds	1,651	-
LAIF	70,027	0.52
San Mateo County Pool	160,216	1.75
Total	\$ 395,718	
Portfolio Weighted Average Maturity		1.49

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 at June 30, 2021 were as follows:

Investment Type	Amount (in thousands)	S&P Rating as of June 30, 2021			
		AAA	AA	A	Not Rated
U.S. Treasury Bonds/Notes	\$ 105,174	\$ -	\$ 105,174	\$ -	\$ -
Federal Agency Collateralized and Agency Bonds/Notes	35,633	-	35,633	-	-
Certificates of Deposit	6,433	-	3,272	3,161	-
Corporate Bonds and Notes	15,418	-	7,040	8,378	-
Asset-Backed Security	1,990	1,913	-	-	77
Municipal Debt Securities	389	-	389	-	-
Money Market Mutual Funds	20,688	20,688	-	-	-
LAIF	74,209	-	-	-	74,209
San Mateo County Pool	146,549	-	-	-	146,549
Total	\$ 406,483	\$ 22,601	\$ 151,508	\$ 11,539	\$ 220,835

San Mateo County Transportation Authority

Notes to the Financial Statements

June 30, 2021 (with Comparative Totals for 2020)

The Transportation Authority's investment portfolio credit quality ratings at June 30, 2020 were as follows:

Investment Type	Amount (in thousands)	S&P Rating as of June 30, 2020				Not Rated
		AAA	AA	A	BBB*	
U.S. Treasury Bonds/Notes	\$ 76,391	\$ -	\$ 76,391	\$ -	\$ -	\$ -
Federal Agency Collateralized and Agency Bonds/Notes	23,588	-	23,588	-	-	-
Commercial Paper	9,258	-	-	9,258	-	-
Certificates of Deposit	14,043	-	9,393	4,650	-	-
Corporate Bonds and Notes	30,888	-	3,193	21,295	6,400	-
Asset-Backed Security	9,260	9,260	-	-	-	-
Municipal Debt Securities	396	-	396	-	-	-
Money Market Mutual Funds	1,651	1,651	-	-	-	-
LAIF	70,027	-	-	-	-	70,027
San Mateo County Pool	160,216	-	-	-	-	160,216
Total	\$ 395,718	\$ 10,911	\$ 112,961	\$ 35,203	\$ 6,400	\$ 230,243

*A rating at time of acquisition.

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, 2021 or June 30, 2020.

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, 2021 (with Comparative Totals for 2020)

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, 2021:

- 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, 2021:

Investment Type (in thousands)	Level 1	Level 2	Total
Investment securities			
U.S. Treasury Bonds/Notes	\$ 105,174	\$ -	\$ 105,174
Federal Agency Collateralized and Agency Bonds/Notes	-	35,633	35,633
Certificates of Deposit	-	6,433	6,433
Corporate Bonds and Notes	-	15,418	15,418
Asset Back Securities	-	1,913	1,913
Municipal Debt Securities	-	389	389
Money Market Mutual Funds	20,688	-	20,688
Total	\$ 125,862	\$ 59,786	185,648
Uncategorized:			
Local Agency Investment Fund			74,209
San Mateo County Investment Pool			146,549
Cash			67,758
Asset Back Securities			77
Restricted cash with fiscal agents			34,588
Total Investments By Fair Value Type			\$ 508,829

San Mateo County Transportation Authority

Notes to the Financial Statements

June 30, 2021 (with Comparative Totals for 2020)

The following is the Transportation Authority's fair value hierarchy table as of June 30, 2020:

Investment Type (in thousands)	Quoted Prices (Level 1)	Observable Inputs (Level 2)	Total
Investment securities			
U.S. Treasury Bonds/Notes	\$ 76,391	\$ -	\$ 76,391
Federal Agency Collateralized and Agency Bonds/Notes	-	23,588	23,588
Commercial Paper	-	9,258	9,258
Certificates of Deposit	-	14,043	14,043
Corporate Bonds and Notes	-	30,888	30,888
Asset Back Securities	-	9,260	9,260
Municipal Debt Securities	-	396	396
Money Market Mutual Funds	1,651	-	1,651
Total	\$ 78,042	\$ 87,433	165,475
Uncategorized:			
LAIF			70,027
San Mateo County Investment Pool			160,216
Cash			38,261
Total Investments By Fair Value Type			\$ 433,979

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 \$145,669,746 and \$157,106,141, at June 30, 2021 and 2020, respectively, that is recorded at \$146,548,624 and \$160,216,953 on the balance sheet after the adjustment for unrealized gains/losses for fiscal years ending June 30, 2021 and 2020, 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, 2021 (with Comparative Totals for 2020)

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 \$74,142,791 and \$69,560,289 (which is reported using the amortized cost) after the adjustment for unrealized gains/losses for fiscal year 2021 and 2020, 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.

Note 3 - Long Term Note Receivable

In July 2007, the Transportation Authority transferred 174,047 square feet of development and railroad corridor property owned by the Transportation Authority and located at the northeast corner of Holly Street and El Camino Real in the City of San Carlos to San Mateo County Transit District (District). On December 27, 2007, the Transportation Authority conveyed right of way on the land located on Holly Street to the District for a promissory note of \$4,343,404. The original acquisition cost of the property was \$4,570,000. The property was transferred to the District and the Transportation Authority holds a note for the payments due. The District is required to make the principal and interest payments before December 1, 2033.

Note 4 - Accounts Receivables

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

(in thousands)	2021	2020
Metropolitan Transportation Commission	\$ 26	\$ 26
Bay Area Infrastructure Financing Authority	3,954	-
California Department of Transportation	4,302	4,302
Facebook	1,665	-
Other	507	724
Total accounts receivables	\$ 10,454	\$ 5,052

San Mateo County Transportation Authority
Notes to the Financial Statements
June 30, 2021 (with Comparative Totals for 2020)

Note 5 - Capital Assets

Capital assets activities for the years ended June 30, 2020 and 2021 are as follows:

(in thousands)	Balance at June 30, 2020	Acquisitions	Dispositions	Balance at June 30, 2021
Capital Assets - Land	\$ 11,682	\$ -	\$ -	\$ 11,682

(in thousands)	Balance at June 30, 2019	Acquisitions	Dispositions	Balance at June 30, 2020
Capital Assets - Land	\$ 11,682	\$ -	\$ -	\$ 11,682

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

Note 6 - Accounts Payable

Accounts payable at June 30 are as follows:

(in thousands)	2021	2020
District - Salaries and benefits	\$ 1,971	\$ 574
Shuttle program	-	23
Paratransit program	788	910
Caltrain	1,595	2,463
Capital project	6,171	832
Other	127	44
Total	\$ 10,652	\$ 4,846

San Mateo County Transportation Authority
Notes to the Financial Statements
June 30, 2021 (with Comparative Totals for 2020)

Note 7 - Accrued Liabilities

Accrued liabilities at June 30 are as follows:

(in thousands)	<u>2021</u>	<u>2020</u>
Disbursements to local entities for transportation projects	\$ 9,155	\$ 6,800
Capital projects	18,153	34,640
BART	408	306
Other	51	167
Total	<u><u>\$ 27,767</u></u>	<u><u>\$ 41,913</u></u>

Note 8 - Investment Income (loss)

Investment income (loss) activity for the fiscal year ended June 30 is as follows:

(in thousands)	<u>2021</u>	<u>2020</u>
Interest income	\$ 5,478	\$ 8,185
Net increase (decrease) in fair value of investments	(6,338)	5,848
Investment income (loss) - Statements of Activities	(860)	14,033
Increase in long-term interest receivable	(97)	(78)
Investment income (loss) - Statements of Revenues, Expenditures and Changes in Fund Balance	<u><u>\$ (957)</u></u>	<u><u>\$ 13,955</u></u>

San Mateo County Transportation Authority

Notes to the Financial Statements

June 30, 2021 (with Comparative Totals for 2020)

Note 9 - Commitments and Contingencies

Construction Commitments

At June 30, the Transportation Authority estimated the cost to complete the following committed projects:

Projects (in thousands)	2021	2020
Caltrain	\$ 12,547	\$ 82,194
Ferry	858	383
Local Shuttle	7,068	15,098
Railroad Grade Separations	38,315	35,147
Streets and Highways	83,705	98,539
Oversight and Bicycle	15,758	11,118
Total	\$ 158,251	\$ 242,479

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, 2021, 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.

Peninsula Corridor Electrification Project

In its role as a primary source of San Mateo County funds for the Peninsula Corridor Joint Powers Board ("JPB"), the Transportation Authority is a party to a series of funding agreements for the funding of the Peninsula Corridor Electrification Project ("PCEP" or "Project").

For over two decades, the JPB has been preparing to electrify the Caltrain railroad corridor. The \$1.98 billion PCEP funding plan includes \$647 million in Federal Transit Administration ("FTA") Core Capacity Grant funds under a Full Funding Grant Agreement ("FFGA").

In late 2016, the FTA informed the JPB that it would not issue the FFGA without evidence that the JPB will have access to an additional 10% contingency (or \$200 million) beyond the budgeted 16.5% for potential cost over-runs or funding shortfalls.

San Mateo County Transportation Authority

Notes to the Financial Statements

June 30, 2021 (with Comparative Totals for 2020)

To address this requirement, on January 5, 2017, the Transportation Authority passed a resolution committing to provide up to \$135 million of additional contingency, with Santa Clara Valley Transportation Authority ("VTA") making a similar commitment in the amount of \$65 million. These actions were conditioned upon and memorialized in an executed memorandum dated January 5, 2017 among VTA, the San Francisco County Transportation Authority and the Metropolitan Transportation Commission accepting the obligation to each share equally with the Transportation Authority in funding whatever amount of additional contingency is called upon, up to \$200 million, to complete the Project.

Note 10 - 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, 2021, 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	\$50 self-insured retention	\$11,000 per occurrence/ aggregate
Public Officials Liability	\$50 self-insured retention	\$3,000 per occurrence/ aggregate (\$100,000 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 11 - Long-Term Debt

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 are issued with a weekly rate reset and the Series B Bonds are issued with a daily rate reset. Interest is due 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, 2021, the Daily Rate has been issued at a high of 0.15% (or 15 basis points), a low of 0.01% (or 1 basis point) with an average rate of 0.03% (or 3 basis points). Over the same period, the Weekly Rate has been issued at a high of 0.13% (or 13 basis points), a low of 0.01% (or 1 basis point) with an average rate of 0.056% (or 5.6 basis points) on an annual 365/366-day basis. Though the rate is variable it is reasonably presented in the debt service requirements schedule with an effective interest rate as of the fiscal year ended June 30, 2021 of 2% for each of the subsequent years.

San Mateo County Transportation Authority

Notes to the Financial Statements

June 30, 2021 (with Comparative Totals for 2020)

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 payments being 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 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 \$259,366 as a ratio of pledged sales tax revenue of \$140,452,710 for the year ended June 30, 2021, was 541.52%.

As of June 30, 2021 \$100,000,000 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, 2021, are as follows:

(in thousands)	Balance at July 1, 2020	Additions	Retirements	Balance June 30, 2021	Current Portion
2020 Sales Tax					
Variable Rate Debt	\$ -	\$ 100,000	\$ -	\$ 100,000	\$ -

San Mateo County Transportation Authority

Notes to the Financial Statements

June 30, 2021 (with Comparative Totals for 2020)

The debt service requirements for the Transportation Authority’s sales tax revenue variable rate demand bonds are as follows:

Year Ending June 30: (in thousands)	Principal	Interest	Total
2022	\$ -	\$ 2,000	\$ 2,000
2023	-	2,000	2,000
2024	-	2,000	2,000
2025	-	2,000	2,000
2026	-	2,000	2,000
2027-2031	20,000	9,400	29,400
2032-2036	25,680	6,789	32,469
2037-2041	19,250	4,677	23,927
2042-2046	21,270	2,673	23,943
2047-2049	13,800	556	14,356
Total	\$ 100,000	\$ 34,095	\$ 134,095

Note 12 - 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 to north of 1-380 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.

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

San Mateo County Transportation Authority

Notes to the Financial Statements

June 30, 2021 (with Comparative Totals for 2020)

Operating Loan Receivable

In Fiscal Year 2021, the Transportation Authority and the C/CAG authorized operating funds of up to \$917,244 and \$1,270,463 respectively from each agency, for the JPA through loans which will be repaid when Project operations commence and toll revenues become available, which is estimated to begin in 2022 for the southern segment. As of June 30, 2021, the Transportation Authority had an operating loan receivable of \$1,774,727 from the SMCELJPA.

In Fiscal Year 2020, the Transportation Authority and the C/CAG authorized operating funds of up to \$1,744,911, or \$872,456 from each agency, for the JPA through loans which will be repaid when Project operations commence and toll revenues become available, which is estimated to begin in 2022 for the southern segment. As of June 30, 2020, the Transportation Authority had loan receivables of \$125,785 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 will use 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 agrees 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.

As of June 30, 2021, the Transportation Authority has spent \$65.5 million bonds proceeds on the U.S. 101 Express Lane Project. The unspent bond proceeds of \$34.5 million was presented as an obligation to fund future project cost.

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)	2021	2020
Salaries and benefits	\$ 708	\$ 922
Indirect costs	503	60
Total	\$ 1,211	\$ 982



Required Supplementary Information
June 30, 2021

San Mateo County Transportation Authority

San Mateo County Transportation Authority
 General Fund – Budgetary Comparison Schedule
 Year Ended June 30, 2021 (in thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Resources (inflows)				
Sales tax	\$ 120,000	\$ 120,000	\$ 140,453	\$ 20,453
Investment income	7,572	7,572	5,381	(2,191)
Rental income	1,031	1,031	1,029	(2)
Reimbursements from other agencies	-	-	123,877	123,877
Other Income	-	-	10	10
Amounts available for appropriation	<u>128,603</u>	<u>128,603</u>	<u>270,750</u>	<u>142,147</u>
Charges to appropriations (outflows)				
Program Administration				
Staff support	1,112	1,038	1,527	(489)
Board compensation	8	8	10	(2)
Professional and legal fees	318	313	275	38
County services				-
Other services and supplies	567	1,508	399	1,109
Travel and meeting	31	31	-	31
Total program administration	<u>2,036</u>	<u>2,898</u>	<u>2,211</u>	<u>687</u>
Distributions to local entities	29,200	29,200	34,190	(4,990)
BART	1,600	1,600	1,877	(277)
Caltrain	6,400	6,400	7,507	(1,107)
Measure A information	5	5	-	5
Capital outlays	<u>172,814</u>	<u>172,137</u>	<u>149,912</u>	<u>22,225</u>
Other sources and uses				
Proceeds of bond issuance	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total other sources and uses	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total Charges to Appropriations	<u><u>\$ 212,056</u></u>	<u><u>\$ 212,240</u></u>	<u>195,696</u>	<u><u>\$ 16,544</u></u>
Fund balances				
Beginning of Year			397,386	
End of Year			<u><u>\$ 572,440</u></u>	
Reconciliation to the Statement of Revenues, Expenditures and Fund Balances				
Cumulative unrealized gains under GASB 31			<u>2,704</u>	
Total Revenues in the Statement of Revenues, Expenditures and Changes in Fund Balances - GAAP Basis			<u><u>\$ 575,144</u></u>	

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 expenditure, 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. The excess of FY2021 actual expense over FY2021 Budget for both Grade Separation and San Mateo County Ferry Service is funded by balances from previous years' Measure A allocations.

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

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Supplementary Information
June 30, 2021

San Mateo County Transportation Authority

San Mateo County Transportation Authority

Expenditures of Capital Projects from Inception to Date

June 30, 2021

The expenditures on public transportation projects during fiscal years 2021 and 2020 were \$149.9 million and \$96.3 million, respectively. Total expenditures on such projects from inception through June 30, are as follows (in Thousands):

Projects	2021	2020
Dumbarton Spur	\$ 33,876	\$ 33,831
Caltrain	352,916	332,396
Paratransit	7	6
Ferry	8,217	8,170
Local Shuttle	23,693	19,680
Railroad Grade Separations	332,679	311,280
Streets and Highways	575,547	474,903
Alternative Congestion Relief	4,435	3,742
Administration	2	2
Oversight and Bicycle	29,080	26,530
Total	\$ 1,360,452	\$ 1,210,540

Of the total expenditures of \$1,360.5 million for capital projects, \$141.8 million was funded by contributions from external entities.



Statistical
June 30, 2021

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

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 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 2012 Through 2021 (in thousands)

Fiscal Year	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities										
Program Revenues										
Grade Separations	\$ 1,029	\$ 1,050	\$ 708	\$ 708	\$ 916	\$ 874	\$ 895	\$ 888	\$ 839	\$ 819
Dumbarton Spur	-	-	-	366	308	293	324	397	694	1,916
Projects Funding	123,887	5,672	7,730	3,040	1,210	-	5,672	52	2,408	1,979
Total Program Revenues	124,916	6,722	8,438	4,114	2,434	1,167	6,891	1,337	3,941	4,714
Program Expenses										
Upgrades and Extension	20,520	15,488	25,071	62,257	13,364	15,682	14,573	7,671	4,270	3,574
Grade Separations	21,400	17,939	24,114	18,042	821	4,142	6,525	27,553	21,421	9,157
Dumbarton Spur	45	134	40	210	138	205	210	329	674	2,044
BART	1,877	1,833	2,015	1,756	1,687	1,594	1,619	1,552	1,477	1,390
Caltrain	7,507	7,331	8,892	6,191	6,748	6,376	6,478	6,210	5,909	5,558
Distribution to local entities	34,190	33,115	26,819	23,612	22,938	21,596	21,902	20,573	19,982	18,808
Projects funding	107,946	62,786	48,624	66,666	24,733	23,909	25,336	11,155	28,681	13,521
Caltrain Shuttle Program	-	-	-	-	-	-	-	-	-	1,448
Program Administration	2,211	1,844	2,253	1,689	1,316	1,211	1,208	838	666	825
Total Program Expenditures	195,696	140,470	137,828	180,423	71,745	74,715	77,851	75,881	83,080	56,325
Net Program Revenues (Expenses)	(70,780)	(133,748)	(129,390)	(176,309)	(69,311)	(73,548)	(70,960)	(74,544)	(79,139)	(51,611)
General revenues										
Sales tax	140,453	135,793	100,728	87,818	84,354	79,704	80,974	77,626	73,858	69,476
Unrestricted investment earnings	(860)	14,033	14,692	3,841	1,488	6,786	4,106	3,065	378	3,569
Other income	-	-	-	-	-	6	669	7,172	2,239	1,528
Change In Net Position	68,813	16,078	(13,970)	(84,650)	16,531	12,948	14,789	13,319	(2,664)	22,962
Net Position Components										
Invested in capital assets	11,682	11,682	11,682	11,682	11,682	11,682	11,682	13,591	13,591	13,591
Restricted	480,644	411,832	395,752	409,721	494,372	477,842	464,893	453,869	440,549	443,213
Net Position	\$ 492,326	\$ 423,514	\$ 407,434	\$ 421,403	\$ 506,054	\$ 489,524	\$ 476,575	\$ 467,460	\$ 454,140	\$ 456,804

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

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

San Mateo County Transportation Authority
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances
Fiscal Years 2012 Through 2021 (in thousands)

Fiscal year	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Sales tax revenue	\$ 140,453	\$ 135,793	\$ 100,728	\$ 87,818	\$ 84,354	\$ 79,704	\$ 80,974	\$ 77,626	\$ 73,858	\$ 69,475
Investment income (loss)	(957)	13,955	14,614	3,787	1,447	6,744	4,181	3,019	319	3,503
Rental income	1,029	1,050	708	1,074	1,224	1,167	1,219	1,204	1,142	1,108
Project reimbursements	123,877	5,672	7,730	3,040	1,210	6	669	7,184	2,241	1,527
Proceeds from sale of properties	-	-	-	-	-	-	1,793	-	-	-
Other income	10	-	-	-	-	-	-	121	2,796	3,607
Total Revenue	264,412	156,470	123,780	95,719	88,235	87,621	88,836	89,154	80,356	79,220
Expenditures										
Public Transit										
Upgrades and extensions	20,520	15,488	25,071	62,257	13,364	15,682	14,573	7,671	4,270	3,574
Grade separations	21,400	17,939	24,114	18,042	821	4,142	6,525	31,003	21,421	9,157
Dumbarton spur	45	134	40	210	138	205	210	329	674	2,044
BART	1,877	1,833	2,015	1,756	1,687	1,594	1,619	1,552	1,477	1,390
Caltrain	7,507	7,331	8,892	6,191	6,748	6,376	6,478	6,210	5,909	5,558
Project funding	4,060	2,810	3,856	2,209	3,042	1,940	2,205	1,646	2,420	5,664
Street and highways										
Distributions to local entities	34,190	33,115	26,819	23,612	22,938	21,596	21,902	20,573	19,982	18,809
Projects funding	103,886	59,976	44,767	64,457	21,691	21,969	23,131	9,509	26,260	7,856
Caltrain shuttle program	-	-	-	-	-	-	-	-	-	1,448
Program administration	2,211	1,844	2,253	1,689	1,316	1,211	1,209	838	666	825
Total Expenditures	195,696	140,470	137,828	180,423	71,745	74,715	77,852	79,331	83,079	56,325
Net Change In Fund Balance	68,716	16,000	(14,048)	(84,704)	16,490	12,906	10,984	9,823	(2,723)	22,895
Fund Balance										
Non-Spendable	-	-	-	-	355	-	1,786	3	3	3
Restricted	575,144	406,428	390,427	404,474	488,823	472,689	457,997	448,796	438,973	441,696
Total Ending Fund Balance	\$ 575,144	\$ 406,428	\$ 390,427	\$ 404,474	\$ 489,178	\$ 472,689	\$ 459,783	\$ 448,799	\$ 438,976	\$ 441,699

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

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

San Mateo County Transportation Authority

Fund Balances of Governmental Funds

Fiscal Years 2012 Through 2021 (in thousands)

Fiscal year ended	General Fund		
	Non-Spendable	Restricted	Total
2021	\$ -	\$ 575,144	\$ 575,144
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
2015	1,786	457,997	459,783
2014	3	448,796	448,799
2013	3	438,973	438,976
2012	3	441,696	441,699

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

San Mateo County Transportation Authority
Revenue Base and Revenue Rate
Fiscal Years 2012 Through 2021 (in thousands)

Fiscal Year	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
The Sales Tax Rate ^[2]	0.75%	0.75%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Total Sales Tax Revenue	\$ 140,453	\$ 135,793	\$ 100,728	\$ 87,818	\$ 84,354	\$ 79,704	\$ 80,974	\$ 77,626	\$ 73,858	\$ 69,476
Total Taxable Sales in San Mateo County ^[1]	\$ 18,727,067	\$ 18,105,733	\$ 19,700,000	\$ 17,900,000	\$ 16,600,000	\$ 15,941,000	\$ 16,194,800	\$ 15,298,434	\$ 14,611,618	\$ 13,906,978

^[1] 2021 taxable sales are estimates based on sales tax revenues received; 2020 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.

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

Source: California State Board of Equalization and County of San Mateo County FY2020 Annual Comprehensive Financial Report.

San Mateo County Transportation Authority

Principal Revenue Payers

Fiscal Years 2020 and 2011

Major Industry Group	FY2020			FY2011		
	Rank	Sales Receipts	Amount	Rank	Sales Receipts	Amount
County & State Pool	1	22.8%	39,205,976	5	11.3%	14,198,762
General Consumer Goods	2	17.0%	29,206,762	1	23.0%	29,003,522
Autos And Transportation	3	15.4%	26,478,311	3	14.7%	18,486,009
Restaurants And Hotels	4	12.6%	21,646,555	4	12.1%	15,219,747
Business And Industry	5	11.2%	19,329,374	2	14.4%	18,077,457
Building And Construction	6	8.8%	15,108,417	7	7.8%	9,772,560
Fuel And Service Stations	7	6.7%	11,449,306	6	11.2%	14,115,919
Food And Drugs	8	5.4%	9,278,058	8	5.5%	6,962,725
Transfers & Unidentified	9	0.1%	203,474	9	0.0%	23,364
Total			171,906,233			125,860,065

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

San Mateo County Transportation Authority

Ratios of Outstanding Debt by Type

Fiscal Years 2021 Through 2012 (in thousands)

Fiscal Year	Revenue Bonds for Transportation Authority ^[1]	Personal Income for San Mateo County ^[2]	As a Percent of Personal Income
2021	\$ 100,000	\$ 109,063,703 *	0.09%

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

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

*Personal Income and Per Capital Personal Income data for 2021 is based on an estimated three percent annual increase over 2018.

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

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 2012 (in thousands)

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
2021	\$ 100,000	\$ 18,727,067 ^[1]	0.53%

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

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

Source: 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 2021 Through 2012

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 2012 (in thousands)

Fiscal Year	Sales Tax	Principal *	Interest *	Total	Coverage
2021	\$ 140,453	\$ -	\$ 259	\$ 259	542

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

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 2012 Through 2021

Year	Population ^[1]	Total Personal Income (in millions) ^[2]	Per Capita Personal Income ^[2]	Average Unemployment Rates ^[3]
2021	776,337 *	\$ 109,064 *	\$ 142,274 *	5.0%
2020	773,244	105,887 *	138,130 *	10.8%
2019	774,485	102,803	134,107	2.2%
2018	772,372	98,568	128,230	2.5%
2017	770,256	90,766	118,047	2.9%
2016	765,895	82,046	107,670	3.3%
2015	759,155	78,607	102,639	3.3%
2014	758,581	71,111	93,802	4.2%
2013	750,489	65,656	87,501	5.7%
2012	740,738	64,765	87,523	7.0%

[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.

*2021 Population growth is based on 0.4% growth from 2020.

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

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

Source: County of San Mateo FY2020 Annual Comprehensive Financial Report.

San Mateo County Transportation Authority

Principal Employers
Fiscal Years 2019 and 2011

Employers in San Mateo County	Business Type	2019*			2011		
		Number of Employees	Rank	Percent of Total County Employment	Number of Employees	Rank	Percent of Total County Employment
Facebook Inc.	Social Network	15,407	1	3.91%	2,000	10	0.57%
Genentech Inc.	Biotechnology	10,023	2	2.54%	8,600	1	2.43%
Oracle Corp.	Hardware and Software	7,656	3	1.94%	7,000	3	1.98%
County of San Mateo	Government	5,640	4	1.43%	5,979	2	1.69%
Gilead Sciences Inc	Biotechnology	4,000	5	1.02%			
YouTube	Online Video-Streaming Platform	2,384	6	0.61%			
Sony Interactive Entertainment	Interactive Entertainment	1,650	7	0.42%			
Robert Half International Inc.	Personnel Services	1,642	8	0.42%			
Electronic Arts Inc.	Interactive Entertainment	1,478	9	0.38%	2,000	9	0.57%
SRI International	Nonprofit Research Institute	1,418	10	0.36%			
Kaiser Permanente	Health Care				3,855	4	1.09%
Visa Inc	Global Payments Technology				3,100	5	0.88%
Mills-Peninsula Health Services	Health Care				2,500	6	0.71%
San Mateo Community College District	Public Education				2,115	7	0.60%
Safeway Inc	Retail Grocer				2,075	8	0.59%
Total		51,298		13.03%	39,224		11.11%

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

San Mateo County Transportation Authority
 Capital Outlay
 Fiscal Years 2012 Through 2021 (in thousands)

Cumulative Capital Projects	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Dumbarton Spur	\$ 33,876	\$ 33,831	\$ 33,697	\$ 33,657	\$ 33,447	\$ 33,309	\$ 33,104	\$ 32,894	\$ 32,565	\$ 31,891
Caltrain-Downtown Extension	352,916	332,396	316,908	291,837	229,908	216,918	201,236	186,663	178,993	174,723
Paratransit	7	7	7	7	7	7	7	2	-	-
Ferry	8,217	8,170	8,097	8,090	8,090	8,090	8,090	8,088	8,087	7,393
Local Shuttle	23,693	19,680	16,951	13,101	10,892	7,850	5,910	3,707	2,269	543
Railroad Grade Separations	332,679	311,280	293,341	269,226	251,184	250,363	246,221	239,697	212,143	190,722
Streets and Highways	575,547	474,903	418,793	377,040	314,829	294,845	275,287	253,794	245,552	223,100
Alternative Congestion Relief	4,435	3,742	2,973	2,269	1,811	1,366	897	456	10	-
Admin, Oversight and Bicycle	29,082	26,531	23,428	21,117	18,541	16,321	13,911	12,272	11,005	7,197
Total	\$ 1,360,452	\$ 1,210,540	\$ 1,114,195	\$ 1,016,344	\$ 868,709	\$ 829,069	\$ 784,663	\$ 737,573	\$ 690,624	\$ 635,569

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

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

San Mateo County Transportation Authority
Employees
Fiscal Years 2012 Through 2021

Division	Full-Time Equivalents									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Caltrain Modernization Program			-	-	0.20	-	-	-	0.02	-
Customer Service and Marketing	2.56	3.02	1.39	1.50	1.50	0.15	0.15	0.17	0.13	0.14
Executive	0.35	0.35	0.50	0.50	0.50	0.40	0.57	0.60	0.55	0.57
Finance and Administration	2.89	2.65	3.07	2.80	2.75	2.17	2.10	2.29	3.76	4.39
Operations, Engineering and Construction	0.07	0.12	0.14	0.08	0.08	4.16	4.34	4.35	4.43	4.47
Planning and Development	8.71	9.07	7.94	7.59	7.59	3.39	3.35	3.30	2.63	1.97
Public Affairs		-	-	-	-	1.40	1.20	1.20	1.40	1.10
Total Employees	14.58	15.21	13.04	12.47	12.62	11.67	11.71	11.91	12.92	12.64

Note: Caltrain Modernization Program division was added in FY2013 as a replacement for the Peninsula Rail department.

Source: TA's annual operating and capital budgets.

This table presents total full-time equivalents by division.

San Mateo County Transportation Authority
 Capital Assets
 Fiscal Years 2012 Through 2021 (in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Capital Assets										
Land	\$ 11,682	\$ 11,682	\$ 11,682	\$ 11,682	\$ 11,682	\$ 11,682	\$ 11,682	\$ 13,591	\$ 13,591	\$ 13,591
Total	<u>\$ 11,682</u>	<u>\$ 13,591</u>	<u>\$ 13,591</u>	<u>\$ 13,591</u>	<u>\$ 13,591</u>					

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

This table presents capital assets for the past 10 years.

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Independent Auditor's Reports
June 30, 2021

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, 2021, 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 October 11, 2021.

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.

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 written in a cursive, flowing style.

Menlo Park, California

October 11, 2021

San Mateo County Transportation Authority

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

None reported.