



Financial Statements  
Measure W Funds  
For the Years Ended June 30, 2021  
and June 30, 2020

# San Mateo County Transit District

San Mateo County Transit District  
Measure W Funds  
Table of Contents  
June 30, 2021 and 2020

---

Independent Auditor's Report .....	1
Financial Statements	
Statement of Net Position .....	4
Statement of Revenues, Expenditures, and Changes in Net Position .....	5
Statement of Cash Flows .....	6
Notes to Financial Statements .....	7
Supplementary Information	
Allocations and Expenses.....	10
Current Year Measure W Projects .....	11
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 <i>Government Auditing Standards</i> .....	12
Schedule of Findings and Questioned Costs.....	14



## Independent Auditor's Report

Governing Board and  
Citizens Oversight Committee  
San Mateo County Transit District  
San Carlos, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the San Mateo County Transit District's Measure W Funds (Measure W), as of and for the year ended June 30, 2021 and June 30, 2020, and the related notes to the financial statements, which collectively comprise the Measure W'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 statement 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 an opinion 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 of 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 financial statements, whether due to error or fraud. 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 principles 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 opinion.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure W as of June 30, 2021 and June 30, 2020 and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1, the financial statements of the Measure W are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of San Mateo County Transit District as of June 30, 2021 and June 30, 2020, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Management has omitted the management's discussion and analysis that the accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Measure W's financial statements. The Measure W Allocations and Expenses, and Current Year Measure W projects are presented for purposes of additional analysis and are not a required part of the financial statements.

The Measure W Allocations and Expenses, and Current Year Measure W projects are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2022, on our consideration of the Measure W'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 Measure W's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Measure W's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Menlo Park, California  
February 17, 2022

San Mateo County Transit District  
 Measure W Funds  
 Statement of Net Position  
 June 30, 2021 and 2020 (In thousands)

	2021	2020
Current Assets		
Cash and cash equivalents	\$ 63,313	\$ 22,564
Accounts receivable	9,465	6,701
Total assets	72,778	29,265
Liabilities		
Current Liabilities		
Accounts payable	135	117
Net Position		
Restricted for Measure W projects	72,643	29,148
Total net position	\$ 72,643	\$ 29,148

San Mateo County Transit District  
Measure W Funds  
Statement of Revenues, Expenditures, and Changes in Net Position  
Years Ended June 30, 2021 and 2020 (In thousands)

	2021	2020
Revenues		
Measure W sales tax	\$ 93,198	\$ 88,345
Total operating revenues	93,198	88,345
Expenses		
District		
Transit operations	4,115	15,046
Disbursements to Transportation Authority		
Highway	20,980	19,868
Major arterial and local roadway improvements	11,655	11,038
Bicycle, pedestrian, and active transportation projects	4,662	4,415
Infrastructure and services designed to improve transit connectivity	9,324	8,830
Total expenses	50,736	59,197
Operating Income	42,462	29,148
Nonoperating Revenues (Expenses)		
Interest income	1,033	-
Total nonoperating revenues (expenses)	1,033	-
Change in Net Position	43,495	29,148
Net Position - Beginning	29,148	-
Net Position - Ending	\$ 72,643	\$ 29,148

San Mateo County Transit District  
Measure W Funds  
Statement of Cash Flows  
Years Ended June 30, 2021 and 2020 (In thousands)

	2021	2020
Cash Flows from Operating Activities		
Cash received from California Department of Tax and Fee Administration	\$ 90,434	\$ 81,644
Payments to vendors for goods and services	(3,917)	(14,475)
Payments to employees	(181)	(453)
Disbursements to the Transportation Authority	(46,620)	(44,152)
Net Cash Provided by Operating Activities	39,716	22,564
 Cash Flows from Investing Activities		
Investment income received	1,033	-
Net cash provided by investing activities	1,033	-
 Net Change in Cash and Cash Equivalents	40,749	22,564
Cash and Cash Equivalents, Beginning of Year	22,564	-
 Cash and Cash Equivalents, End of Year	\$ 63,313	\$ 22,564
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 42,462	\$ 29,148
Adjustments to reconcile operating income to net cash provided by operating activities		
Accounts receivable	(2,764)	(6,701)
Accounts payable and accrued liabilities	18	117
Net Cash provided by Operating Activities	39,716	22,564



## **Note 1 - Summary of Significant Accounting Policies**

### **Financial Reporting Entity**

Under Measure W approved by the voters of San Mateo County in November 2018, San Mateo County Transit District (District) receives a share of the one-half percent sales tax to be used for local transportation-related expenses. The duration of the sales tax is for a period of 30 years, beginning on July 1, 2019 and ending June 30, 2049.

The financial statements of the funds do not purport to, and do not, present the financial position of the District as of June 30, 2021, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. The activities of the Funds are reported within the District's enterprise fund. The projects funded by Measure W represent a portion of the activities of the District and, as such, are included in the District's financial statements.

### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

### **Net Position**

Net position is reported on the statement of net position as "restricted net position." This category represents net position that may only be used to support activities and costs allowable per the Measure W enabling legislation.

### **Spending Order**

The accounting policy is to first consume the most restricted resources when multiple resources are available for the same purpose.

### **Cash and Cash Equivalents**

For purpose of the statement of cash flows, the District considers all highly liquid investments with an initial maturity of 90 days or less when purchased to be cash equivalents.

### **Investments**

The District's investments are generally carried at fair value, as required by generally accepted accounting principles. The District adjusts the carrying value of its investments to reflect their fair value at each fiscal year end and includes the effects of these adjustments as a component of interest and investment income for that fiscal year.

## Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

## Note 2 - Cash and Investments

### Policies

All of the Measure W Program's cash and investments are deposited in the District's Treasury pool managed by Public Financial Management and District staff. The pool is unrated. Investments in the pool are made in accordance with the District's investment policy as approved by the Board. Investments are stated at fair value. However, the value of the pool shares in the District's Treasury pool that may be withdrawn is determined on an amortized cost basis, which is different from the fair value of the Measure W Program's position in the pool.

### Investments Authorized by the California Government Code and the Fund's Investment Policy

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

Authorized Investment Type	Minimum Credit Rating	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	15 years	100%	N/A
U.S. Agency Securities	None	15 years	100%	N/A
Banker's Acceptances	None	180 days	40%	30%
Commercial Paper (\$500 Mil. Min. Assets)	A1/P1/F1	270 days	40%	10%
Negotiable Certificates of Deposit	None	5 years	30%	N/A
Repurchase Agreements	None	1 year	100%	N/A
Reverse Repurchase Agreements	None	92 days	20%	N/A
Medium-term Notes	A	5 years	30%	10%
Shares of beneficial interest issued by diversified management companies	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	

**Interest Rate Risk**

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



Supplementary Information  
June 30, 2021

# San Mateo County Transit District

San Mateo County Transit District  
 Measure W Funds  
 Allocations and Expenses  
 Through June 30, 2021

---

The following table shows the total Measure W allocations and amount reported as expended by the District and the Authority from inception to June 30, 2021.

(In thousands)	Inception to Date as of June 30, 2021		
	Measure W Allocations	Measure W Expenses	Unexpended Amounts
District			
Transit operation	\$ 90,772	\$ 19,168	\$ 71,604
Interest income	1,033	-	1,033
Disbursements to Transportation Authority			
Highway projects	40,847	214	40,633
Major arterial and local roadway improvements	22,693	18,154	4,539
Bicycle, pedestrian, and active transportation projects	9,077	-	9,077
Infrastructure and services for transit connectivity	18,154	8	18,147
Interest income	130	-	130
	<u>\$ 182,706</u>	<u>\$ 37,544</u>	<u>\$ 145,163</u>
Total - restricted for Measure W	<u>\$ 182,706</u>	<u>\$ 37,544</u>	<u>\$ 145,163</u>

San Mateo County Transit District  
 Measure W Funds  
 Current Year Measure W Projects  
 For the year ended June 30, 2021

The tables below show the current year Measure W project expenses for the District and the Authority, respectively.

District's Measure W Projects	Amount (In thousands)
Transit Operation	
School Bus Services	\$ 899
MobileView (WiFi) Enhancement	552
FY20 Comprehensive Operation Analysis	418
SB Gas Line Replacement	391
Business Intelligence Solution	387
Upgrade District Website	263
Capital Program and Project Development	205
Technology Refresh Project	187
MB-2000 Bus Simulator System	172
ZEB Program Management	108
FY20 Shuttle Study	104
SPEAR System Improvement	82
ITS PADS Upgrade 3G to 4G	81
Energy Procurement Plan	75
Way2go	53
FY2020 ADA Subsidy	54
South Base Switchgear Replace	24
SamTrans Visioning	20
ECR Pinch Point Study	13
ADA Scheduling Software	12
Climate Adaptation Planning	8
Electric Bus Procurement	6
North and South Base Exterior	1
Promoting Senior Mobility	1
Total transit operation	<u>\$ 4,115</u>
Transportation Authority's Measure W Projects	Amount (In thousands)
Highway Projects	
FP&A Services-W-Highway	\$ 207
Major Arterial and Local Roadway Improvements	
Local investment share	9,324
Infrastructure and Services for Transit Connectivity	
FP&A Services-W-RTC	1
Total	<u>\$ 9,532</u>



Independent Auditor's Report  
For the Years ended June 30, 2021  
and June 30, 2020

# San Mateo County Transit District



**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***

Governing Board and  
Citizens Oversight Committee  
San Mateo County Transit District  
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 San Mateo County Transit District's Measure W Funds (Measure W) as of and for the year ended June 30, 2021 and 2020, and the related notes of the financial statements, and have issued our report thereon dated February 17, 2022.

**Emphasis of Matter**

As discussed in Note 1, the financial statements of the Measure W Funds are intended to present the financial position and the changes in financial position attributable to the transactions of the Funds. They do not purport to, and do not, present fairly the financial position of San Mateo County Transit District as of June 30, 2021 and 2020, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Measure W San Mateo County Transit District's internal control over financial reporting (internal control) as a basis for designing the 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 Measure W's internal control. Accordingly, we do not express an opinion on the effectiveness of Measure W San Mateo County Transit District'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's Measure W Funds 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 Measure W's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Menlo Park, California  
February 17, 2022

None reported.