



Financial Statements
Measure W Fund
For the Years Ended June 30, 2022
and June 30, 2021

San Mateo County Transit District

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the San Mateo County Transit District's (District) Measure W Fund (Measure W) (Fund), as of and for the years ended June 30, 2022 and June 30, 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Measure W of the District, as of June 30, 2022 and June 30, 2021, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 the District as of June 30, 2022 and June 30, 2021, 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.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Measure W Fund of the District. The Measure W Allocations and Expenses and the Current Year Measure W Projects (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information 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 December 22, 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 Sully LLP".

Menlo Park, California
December 22, 2022

San Mateo County Transit District
Measure W Fund
Statement of Net Position
June 30, 2022 and June 30, 2021 (In thousands)

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 111,902	\$ 63,313
Accounts receivable	10,870	9,465
Total assets	122,772	72,778
Liabilities		
Current Liabilities		
Accounts payable	376	135
Total liabilities	376	135
Net Position		
Restricted for Measure W projects	122,396	72,643
Total net position	\$ 122,396	\$ 72,643

San Mateo County Transit District
Measure W Fund
Statement of Revenues, Expenditures, and Changes in Net Position
Years Ended June 30, 2022 and June 30, 2021 (In thousands)

	2022	2021
Revenues		
Measure W sales tax	\$ 112,248	\$ 93,198
Total operating revenues	112,248	93,198
Expenses		
District		
County Public Transportation Systems	10,659	4,115
Disbursements to Transportation Authority		
Countywide Highway Congestion Improvements	25,256	20,980
Local Safety, Pothole and Congestion Relief Improvements	14,031	11,655
Bicycle and Pedestrian Improvements	5,612	4,662
Regional Transit Connections	11,225	9,324
Total expenses	66,783	50,736
Operating income	45,465	42,462
Nonoperating revenues		
Interest income	4,288	1,033
Total nonoperating revenues	4,288	1,033
Change in Net Position	49,753	43,495
Net Position - Beginning	72,643	29,148
Net Position - Ending	\$ 122,396	\$ 72,643

San Mateo County Transit District

Measure W Fund

Statement of Cash Flows

Years Ended June 30, 2022 and June 30, 2021 (In thousands)

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Cash received from California Department of Tax and Fee Administration	\$ 110,843	\$ 90,434
Payments to vendors for goods and services	(10,196)	(3,917)
Payments to employees	(222)	(181)
Disbursements to the Transportation Authority	(56,124)	(46,620)
Net Cash Provided by Operating Activities	<u>44,301</u>	<u>39,716</u>
 Cash Flows from Investing Activities		
Investment income received	4,288	1,033
Net cash provided by investing activities	<u>4,288</u>	<u>1,033</u>
 Net change in cash and cash equivalents	48,589	40,749
Cash and Cash Equivalents, Beginning of Year	<u>63,313</u>	<u>22,564</u>
 Cash and Cash Equivalents, End of Year	<u>\$ 111,902</u>	<u>\$ 63,313</u>
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 45,465	\$ 42,462
Adjustments to reconcile operating income to net cash provided by operating activities		
Accounts receivable	(1,405)	(2,764)
Accounts payable and accrued liabilities	241	18
Net Cash Provided for Operating Activities	<u>\$ 44,301</u>	<u>\$ 39,716</u>

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 fund do not purport to, and do not, present the financial position of the District as of June 30, 2022, 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 Fund 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.

Transactions and Use Tax (Sales Tax) Revenues

Measure W authorizes the District to impose a 0.5% transaction and use tax within District boundaries, which is collected and administered by the California Department of Tax and Fee Administration. Revenue from sales taxes are recognized in the fiscal year when the underlying exchange occurs and any uncollected amount is reported as a receivable.

Operating and Nonoperating Revenues and Expenses

For purposes of reporting operating and nonoperating revenues and expenses, operating revenues comprise sales tax revenues and operating expenses comprise costs related to Measure W distributions. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 District's Investment Policy

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

Authorized Investment Type	Minimum Credit Rating	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	15 years	100%	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.

Note 3 - Accounts Receivable

The receivable amounts reported in the financial statements represent sales tax revenues not received by fiscal year end for \$10,870 and \$9,465, from California Department of Tax and Fee Administration, for fiscal years ended June 30, 2022 and June 30, 2021, respectively.



Supplementary Information
June 30, 2022

San Mateo County Transit District

San Mateo County Transit District
Measure W Allocations and Expenses
Through June 30, 2022

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, 2022.

(In thousands)

	Inception to Date as of June 30, 2022		
	Measure W Allocations	Measure W Expenses	Unexpended Amounts
District			
County Public Transportation Systems	\$ 146,895	\$ 29,820	\$ 117,075
Interest income	5,321	-	5,321
Disbursements to Transportation Authority			
Countywide Highway Congestion Improvements	66,103	732	65,371
Local Safety, Pothole and Congestion Relief Improvements	36,724	29,379	7,345
Bicycle and Pedestrian Improvements	14,689	1,138	13,551
Regional Transit Connections	29,379	8	29,371
Investment income (loss)	(2,258)	165	(2,423)
	<u>\$ 296,853</u>	<u>\$ 61,242</u>	<u>\$ 235,611</u>
Total - restricted for Measure W			

San Mateo County Transit District

Current Year Measure W Projects

For the year ended June 30, 2022

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)
County Public Transportation Systems:	
School Bus Services	\$ 5,186
ZEB Implementation and Deployment	1,009
ADA Operating Subsidy	705
Technology Refresh Project	546
FY20 Comprehensive Operation Analysis	426
Upgrade District Website	397
Electric Bus Procurement	384
Purchase 17 Battery Electric Bus	343
5307 JARC Support Coastside Service	263
Dumbarton Corridor RW Fencing	218
South Base Switchgear Replace	193
Business Intelligent Solution	191
SamTrans Reimagine	130
ZEB Program Management	127
Capital Project Development	95
North Base Building 200	71
Lighting Upgrade at North Base	59
SAM Workplace Transformation	52
5307 JARC Support Coastside Service	43
FY20 Shuttle Study	42
COA CEQA Analysis	37
SPEAR System Improvement	31
MobileView (WiFi) Enhancement	27
Promoting Senior Mobility	19
ECR Pinch Point Study	16
SamTrans Visioning	15
SAMTR Operating Administration	12
ADA Study & Phase 1 Retrofits	12
MTC Clipper Integration	3
EV Chargers Non-Rev Vehicles	2
SB Gas Line Replacement	1
Replacement of (135) 2009 Gillig Buses	1
Replacement of (10) 2017 RW Minivans	1
Total	\$ 10,659
Transportation Authority's Measure W Projects	
Countywide Highway Congestion Improvements	
US101/SR92 Interchange Area Improvement	\$ 272
Consultant Services for 2021 Highway Program CFP	11
ACR/TDM Plan	99
Administrative Overhead	136
Local Safety, Pothole and Congestion Relief Improvements	
Local investment share	11,225
Bicycle and Pedestrian Improvements	
City of Belmont Ralston Avenue Corridor Project – Segment 3	839
Administrative Overhead	299
Total	\$ 12,881



Independent Auditor's Report
For the Year ended June 30, 2022

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 (District) Measure W Fund (Measure W) as of and for the year ended June 30, 2022, and the related notes of the financial statements, and have issued our report thereon dated December 22, 2022.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Measure W Fund are intended to present the financial position and the changes in financial position attributable to the transactions of the Fund. They do not purport to, and do not, present fairly the financial position of San Mateo County Transit District as of June 30, 2022 and 2021, and the results of its operations for the years 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 the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Fund 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 cursive script that reads "Eide Bailly LLP".

Menlo Park, California
December 22, 2022

None reported.