

**San Mateo County Transit District (District)
1250 San Carlos Avenue, San Carlos, California**

Minutes of Audit Committee Meeting

October 26, 2022

Members Present: M. Fraser, C. Groom, D. Pine

(Via Teleconference)

Members Absent: None

Other Board

Members Present: None

Staff Present: A. Chan, C. Mau, G. Martinez, J. Ye, D. Olmeda, J. Cassman,
S. van Hoften, J. Brook

1. Call to Order

Committee Member Dave Pine called the meeting to order at 11:03 am.

2. Roll Call

Assistant District Secretary Jean Brook confirmed that a quorum of the Committee was present.

3. Public Comment

There were no comments.

4. Approval of Minutes of the Audit Committee Meeting of November 1, 2021

Motion/Second: Fraser/Groom

Ayes: Fraser, Groom, Pine

Noes: None

Absent: None

5. Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022

Grace Martinez, Acting Chief Financial Officer, introduced Jennifer Ye, Director, Accounting; and Ahmad Gharaibeh and Joe Escobar, Partners, Eide Bailly LLP, who prepared the report.

Mr. Escobar provided the initial part of the presentation. Mr. Gharaibeh presented on the opinion, internal control, and compliance. Ms. Ye presented on the assessment of the District's long-term fiscal health.

Committee Member Pine asked if the Board should anticipate that the reserves would continue to climb. Ms. Ye said yes, unless a large portion of the reserves is used to fund capital projects.

Ms. Martinez said they have established reserves for the District's operating and sales tax stabilization fund and set it up under the Board-approved reserve policies. April Chan, General

Manager/CEO Designee, said they would bring a five-year outlook to the November 2 Board meeting. She said that potentially the upcoming capital needs could reduce some of the projected reserves.

Committee Member Marina Fraser asked if the federal pandemic grant received had contributed to the District's strong fiscal health aside from Measure W. Ms. Martinez said that about \$16 million of ARPA (American Rescue Plan Act) funds was included in the numbers for Fiscal Year 2022.

Joan Cassman, Legal Counsel, asked if PERS (Public Employees Retirement System) unfunded liability had been taken into account. Ms. Martinez said that it was included starting in 2015. Director Pine asked if any thought would be given to paying down the District's debt to BART (Bay Area Rapid Transit) earlier. Ms. Chan said that this was a reference to a bond that had been taken out. Ms. Martinez said that that debt would continue to be paid on an ongoing basis, but repayment would not be accelerated. She said the priority of obligation repayment was on the pension. Mr. Escobar said the trailing nature of the pension indicates that the amounts are not going to be as strong the next fiscal year. Ms. Chan said they were planning to hold a Board workshop on planning the long-term financial obligations of the District, which Committee Member Carole Groom supported.

Mr. Gharaibeh said that the report would be submitted to the GFOA (Government Finance Officers Association) and expected to receive an award as they had in prior years. Ms. Martinez said the District was recently notified that they had received the Triple Crown award for the Achievement of Excellence in Financial Reporting in regards to the ACFR and budget document.

Ms. Cassman asked the Committee members if the ACFR item should appear on the Consent Calendar or under the Finance Committee at the November 2 Board meeting. Committee Members Pine, Fraser, and Groom concurred that the item should be on the Finance Committee agenda to give the full Board the opportunity to discuss the District's financial outlook in more detail.

The Committee voted to accept the FY 2022 Annual Comprehensive Annual Financial Report.

Motion/Second: Groom/Fraser

Ayes: Fraser, Groom, Pine

Noes: None

Absent: None

6. Independent Auditor's Comments/Notes

There were no additional comments.

7. Adjourn

The meeting adjourned at 11:32 am.

An audio/video recording of this meeting is available online at <https://www.samtrans.com/about-samtrans/video-board-directors-cac>. Questions may be referred to the District Secretary's office by phone at 650-508-6242 or by email to board@samtrans.com.