San Mateo County Transit District
San Carlos, California

Annual Comprehensive Financial Report

Fiscal Years Ended June 30, 2021 and 2020

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San Mateo County
TRANSIT DISTRICT

San Carlos, California

Annual Comprehensive Financial Report

Fiscal Years Ended June 30, 2021 and 2020

Prepared by the Finance Division

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Demographics and Economic Information

Operating Information

Introductory

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October 11, 2021

**To the Board of Directors of the
San Mateo County Transit District and the
Citizens of
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 Transit District (District) for the Fiscal Year July 1, 2020 through June 30, 2021. This transmittal letter provides a summary of the District's finances, services, achievements, and economic prospects for readers without a technical background in accounting or finance. Readers desiring a more detailed discussion of the District's financial results may refer to the Management's Discussion and Analysis in the Financial Section.

Management assumes sole responsibility for all the information contained in this report, including its presentation and the adequacy of its disclosures. To the best of our knowledge, we believe this report to be 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 District's assets from loss, identify and record transactions accurately, and 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 District'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 District contracted for 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 District's financial statements are fairly stated in all material respects and in compliance with accounting principles generally accepted in the United States of America. This conclusion is the most favorable kind and is commonly known as an "unmodified" or "clean" opinion.

Profile of the Organization

Basic Information

The District is an independent political subdivision of the State of California, formed by the California State Legislature on August 14, 1974 and approved by San Mateo County voters in the general election that followed. San Mateo County 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 overall purpose of the District is to plan, develop, finance and operate a modern, coordinated system of transportation that meets local mobility demands and promotes sound growth and economic development for the region. The District provides bus transit services throughout San Mateo County, north into downtown San Francisco, and south to Palo Alto in Santa Clara County. The District also operates a paratransit service and funds shuttles, connecting rail stations to employment centers. The District also is a partner in a three-agency joint powers authority that owns and operates Caltrain, a highly successful commuter rail service between San Francisco and Silicon Valley. In addition, this system works cohesively with other transportation services in the San Francisco Bay Area. No other organization within San Mateo County has a similar scope of responsibility for public transportation.

History

On January 1, 1975, the District began consolidating 11 separate municipal bus systems in San Mateo County and initiated local bus service where none existed. By July 1976, the District had established a viable network of local bus service throughout a 446 square mile service area in the county. In mid-1977, the District added mainline service between Palo Alto and downtown San Francisco through a contract with Greyhound Lines, Inc. and also inaugurated its Redi-Wheels demand response service for the mobility impaired. During its history of operations, the District has provided transportation to special events such as the Democratic National Convention, the Major League Baseball World Series and All Star Games, the National Football League Super Bowl, World Cup Soccer and the American Public Transportation Association's Commuter Rail Conference.

The District has fought throughout its history to preserve passenger rail service along the San Francisco Peninsula and led a successful campaign in 1978 to avoid an impending decision by the Southern Pacific Transportation Company to discontinue the commuter rail service. Two years later, the California Department of Transportation negotiated a purchase of service agreement with the Southern Pacific to continue to operate the commuter rail service under the name "Caltrain" while the local counties determined if they could assume control of the corridor. As a result, the Peninsula Corridor Joint Powers Board (JPB) was formed with the three member agencies: City and County of San Francisco, the District, and Santa Clara Valley Transportation Authority. The JPB purchased the Southern Pacific right of way from San Francisco to San Jose and selected the District as the Managing Agency for Caltrain passenger service in 1992. Amtrak served as the JPB's operator until May 2012. After that the contract to operate the rail passenger service was awarded to Transit America Services Incorporated (TASI).

Governance

A nine-member Board of Directors governs the District. The publicly-elected County Board of Supervisors appoints two of its own members and an individual with transportation expertise to the District Board. The mayors of the cities throughout the county appoint three elected city officials, bringing the District Board membership to six. These six members then select the remaining three board members from the general public, one of which must be a coastal resident, due to a geographical diversity policy in place for public members. The Board of Directors meets once a month to determine overall policy for the District. In addition, the Board has created a 15-member Citizens Advisory Committee (CAC) with the principal objective of articulating the interests and needs of current and future customers.

Administration

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

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 is responsible for District fixed route bus service, shuttles programs, paratransit services, ADA services pursuant to the requirements of the Americans with Disabilities Act (ADA), quality assurance, facilities maintenance, TVM maintenance and intelligent transportation systems.

The Rail Division is responsible for Caltrain rail service, operations planning, rail capital project engineering and construction. The Caltrain Modernization Program (CalMod) is responsible for guiding the planning and implementation of electrification and related projects that will upgrade the performance, operating efficiency, capacity, safety and reliability of Caltrain’s commuter rail service.

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

The Planning, Grants and Transportation Authority Division is responsible for 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 District is a legally separate and financially independent entity that is not a component unit of San Mateo County or any other organization. The District administers various activities on behalf of other agencies: the JPB, which operates Caltrain, the San Mateo County Transportation Authority (Transportation Authority), which administers the Expenditure Plan funded by a half-cent transportation sales tax approved by San Mateo County voters in 2004 which will continue in effect until 2033 in addition to 50% of Measure W which was approved by voters in November 2018, and the San Mateo County Express Lanes Joint Powers Authority (SMCELJPA). These agencies have their own separate corporate identity and governance, and they are not component units of the District. Therefore, this ACFR and the financial statements contained within represent solely the activities, transactions and status of the District.

Budget

State law requires the District to adopt an annual budget by resolution of the Board of Directors. In the spring preceding the start of each Fiscal Year on July 1, staff presents an annual budget based on established agency goals, objectives and performance measures to the Board of Directors. The presentation may recommend using financial reserves to balance the budget when proposed expenditures exceed projected revenues. The Board of Directors monitors budget-to-actual performance through monthly staff reports. The Financial Section of this report includes a supplemental schedule that compares actual results on a budgetary basis of accounting to the 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 District maintains stricter 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 General Manager/CEO or their designee. However, any increase to the expenditure budget as a whole requires the approval of the Board. In addition, the District uses the encumbrance system to reduce budget balances by issuing purchase orders to avoid over-commitment of resources.

The District employs the same basis and principles for both budgeted and actual revenues and expenses, 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.

Financial and Economic Outlook

Local Economy

Due to the COVID-19 pandemic, 2020 saw record unemployment and many struggles for businesses and consumers alike. Despite that, with 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 summer 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, assuming no further restrictions driven by an increase in COVID cases or a more highly transmissible variant.

The 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 a 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.

Long-term Financial and Strategic Planning

The District began operations in 1976 as a fixed-route bus service. Today, the District has grown into a multimodal system of coordinated transit services, including bus, paratransit, shuttles and rail, each playing an integral role in meeting the transportation needs of San Mateo County.

The District has been working to strengthen its long-term financial standing. Improvement measures have included a restructuring of $211 million in debt and dissolution of the BART to SFO agreement. The District initiated several efforts in the early part of the current decade to help keep annual expenses in line with annual revenues. In November 2018, voters in San Mateo County approved the Measure W half-cent sales tax. Starting in July 2019, the District began administering 50% of the funds received from Measure W, providing a supplemental resource to improve transit services and reduce travel times; this should materially improve the District’s financial condition for years to come.

The District recently updated its ten-year Strategic Plan, which can be viewed online at http://www.samtrans.com/Planning/Planning_and_Research/SamTrans_Short-Range_Transit_Plan.html. The 2019-2028 Plan Update provides a policy framework to help guide the District's transportation investments. The Plan also builds on prior strategic plans by prioritizing actions that can "move the needle" by turning ideas into results. To do so, the Plan helps identify key factors that the District can control and describes strategies for focusing resources to achieve specific goals. The District is also in the midst of conducting a Comprehensive Operational Analysis, "Reimagine Samtrans", which will guide operational decisions over the next several years.

Major Initiatives

The District plans to continue providing coordinated transit services including bus, paratransit, shuttle and rail. Association of Bay Area Governments (ABAG) projections assume there will be intensified population growth along the El Camino Real Corridor, parallel to the Caltrain line. These projections also assume that there will be higher density development in all cities along this corridor, which will increase demand for transportation services.

In addition to providing public transit for municipalities, the District has committed significant resources to supporting other regional transportation options. These include Caltrain rail and shuttle bus service to and from Caltrain and BART stations. Dedicated bus shuttles distributing rail patrons to regional employers will be vital to sustainable transportation over the next several years as local agencies are encouraged to implement Transportation Systems Management plans designed to reduce highway congestion and improve air quality. Continuing a long history of serving San Mateo County residents with mobility impairments, the District will also manage the growing demand for a variety of paratransit services.

The District has started to invest in zero-emission bus technology to advance California's climate change and energy policy goals. Per the mandate from the California Air Resource Board's Innovative Clean Transit program, The District submitted the Zero Emissions Bus Implementation Plan in May 2021 and it has been approved. The plan reflects the District's commitment to accelerate compliance with the State's mandate and achieve zero-emissions status in advance of the 2040 deadline.

Motor Bus Operations

The District designs its bus services to meet the needs of San Mateo County residents, workers and visitors. Bus service is offered throughout San Mateo County and into select areas of San Francisco and Palo Alto. Many bus routes make connections to Caltrain, BART, and the San Francisco International Airport. Each bus has a bicycle rack, allowing for multimodal use. Starting in 2019, select buses have been retrofitted with luggage racks and new buses offer USB charging stations and Wi-Fi. The District provides transportation services from early morning until just past midnight. Fixed-route bus ridership peaked in San Mateo County at 19.0 million in FY 1998, but later declined to 12.4 million in 2013. The implementation of the District Service Plan, adopted in May that same year, resulted in an initial increase in ridership, which grew three percent in FY 2014 and another 2.9 percent in FY 2015. However, ridership declined again by 2.8 percent in FY 2016, and the drop persisted through FY 2019. The District started to see an increase in ridership beginning in August 2019 with the launch of its new Foster City-San Francisco Commuter Express Bus service (Route FCX). For the first 8 months of FY20, average weekday ridership was about 36,775, compared to 35,100 in FY19. The COVID-19 pandemic had significant ridership implications; social distancing and shelter in place health orders restricted rides to essential personnel. The District initiated improved cleaning protocols, restricted the number of passengers on board buses, reduced service levels, installed bus operator barriers, and issued masks to riders. The District provided 4.5 million total trips compared to over 10.6 million trips provided in FY 2019 (pre-pandemic fiscal year).

The District was in the midst of a comprehensive operational analysis (Reimagine SamTrans) when COVID-19 hit. The study was paused so the agency could pivot to do work on scenario planning and near-term service planning. However, the project has been restarted to chart a path forward for full service recovery and ridership growth in FY22 and beyond.

Prior to the pandemic, the District Business Plan identified microtransit (on-demand local bus service) as a key initiative for the District to undertake in the near-term to increase mobility options for customers. In 2019, a District microtransit pilot known as SamTrans OnDemand launched in the Linda Mar neighborhood of Pacifica, replacing the existing FLX-P route with a fully on-demand, curb to curb service. After about one year of OnDemand, continuation of the pilot was deemed infeasible and the agency reverted back to the original FLX-P service. Reimagine SamTrans will consider the lessons learned from the pilot and will likely present a service alternative that utilizes microtransit as a coverage complement to frequent fixed route service. Additionally, on-demand service may be considered as an option for paratransit customers.

Paratransit Services

The District provides accessible transportation services throughout San Mateo County with fixed-route, Redi-Wheels and RediCoast services. The entire fleet of fixed-route buses is equipped with wheelchair lifts or ramps and a kneeling feature to make boarding easier. Redi-Wheels and RediCoast members and their Personal Care Attendants are allowed to ride all regular fixed-route District buses for free. For many persons with disabilities who cannot use fixed-route buses, Redi-Wheels and RediCoast are the only means of transportation available. In FY 2020, the District’s paratransit program provided 256,738 passenger trips. The ridership for FY 2021 is significantly lower as a result of the pandemic, 121,394 passenger trips. Ridership has gradually increased in recent months as businesses slowly re-open.

Caltrain Administration

Since 1992, the District has served as staff to the JPB administering the operation of commuter rail service on the 77-mile corridor between San Francisco and Gilroy. Some key Caltrain milestones include instituting a “proof-of-payment” fare collection system and the introduction of the “Baby Bullet” service that reduced travel time between San Jose and San Francisco from an hour-and-a-half to just under one hour.

In the near term, Caltrain will focus on its State-of-Good Repair Program, including the replacement and rehabilitation of infrastructure, communication and control systems, and rolling stock in order to maintain safe, quality service for customers. As we look towards the future, the Caltrain Modernization Program is focused on meeting the growing commuter ridership demand in the region, preparing the corridor to accommodate statewide high-speed rail and improving system wide safety. The Peninsula Corridor Electrification Project includes the installation of electric infrastructure and the procurement of new, high-performance electric trains. The new electrified Caltrain service will substantially increase the capacity of the system.

District staff produce a separate ACFR for the JPB, and readers may obtain this report upon request.

San Mateo County Transportation Authority (Transportation Authority)

The District provides staff and administrative support for the Transportation Authority, which programs and appropriates funds from a half-cent county sales tax authorized by voters in 1988 and extended by voters in November 2004 through 2033. Together with a series of highway projects, the Transportation Authority invests in Caltrain capital improvements, paratransit services for the mobility impaired and other modes of transit. The Transportation Authority also allocates funds for alternative congestion relief programs aimed at reducing highway traffic and air pollution. The Transportation Authority is a co-sponsor for the SMCELJPA and provides staff and administrative support for the SMCELJPA. The SMCELJPA owns, manages, operates, and maintains Express Lanes along the Highway U.S. 101 corridor in San Mateo County. In November 2018, San Mateo County voters approved Measure W, another sales tax measure that provides an additional half-cent sales tax for 30 years to fund countywide transportation and traffic congestion solutions in San Mateo County. The 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. Pursuant to Measure W, the District has designated the Transportation Authority to administer the other half of the revenues. As a result of the designation by the District, the Transportation Authority administers the remaining 50 percent 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.

District staff produce a separate ACFR for the Transportation Authority that readers may obtain upon request.

Acknowledgments and Awards

The staff and contracted firms of the District bring an effective combination of skill, experience and dedication in carrying out the District'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.

The Government Finance Officers Association (GFOA) recognized the District's 2020 Comprehensive Annual 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 we will submit it to the GFOA for evaluation. We would like to thank our independent audit firm Eide Bailly LLP, for its timely and expert guidance in this matter.

An ACFR 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 maintenance and development 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 Transit District
California

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

CHARLES STONE, Chair

PETER RATTO, Vice Chair

MARINA FRASER

JEFF GEE

CAROLE GROOM

ROSE GUILBAULT

RICO E. MEDINA

DAVE PINE

JOSH POWELL

ACTING GENERAL MANAGER/CEO

Carter Mau

EXECUTIVE OFFICERS

Derek Hansel – Chief Financial Officer

David Olmeda – Chief Operating Officer, Bus

Michelle Bouchard – Acting Executive Director, Caltrain

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

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

Casey Fromson – Acting Chief Communications Officer

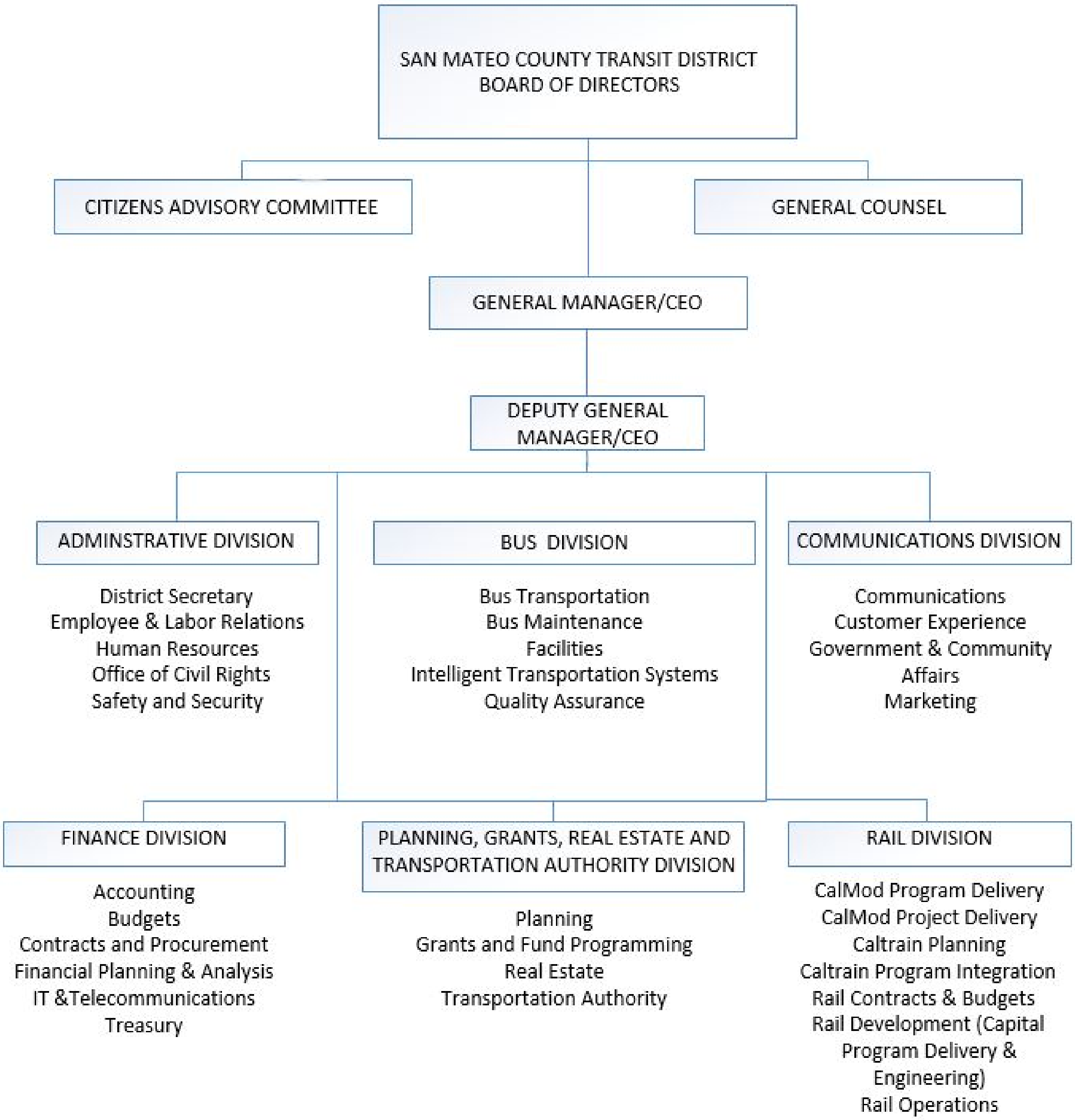
Dora Seamans – Executive Officer, District Secretary/Executive Administration

GENERAL COUNSEL

Hanson Bridgett LLP

Joan Cassman, Esq.

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


SAN MATEO COUNTY TRANSIT DISTRICT
BOARD OF DIRECTORS
CITIZENS ADVISORY COMMITTEE
GENERAL COUNSEL
GENERAL MANAGER/CEO
DEPUTY GENERAL MANAGER/CEO
ADMINSTRATIVE DIVISION
District Secretary
Employee & Labor Relations
Human Resources
Office of Civil Rights
Safety and Security
BUS DIVISION
Bus Transportation
Bus Maintenance
Facilities
Intelligent Transportation Systems
Quality Assurance
COMMUNICATIONS DIVISION
Communications
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Contracts and Procurement
Financial Planning & Analysis
IT &Telecommunications
Treasury
PLANNING, GRANTS, REAL ESTATE AND TRANSPORTATION AUTHORITY DIVISION
Planning
Grants and Fund Programming
Real Estate
Transportation Authority
RAIL DIVISION
CalMod Program Delivery
CalMod Project Delivery
Caltrain Planning
Caltrain Program Integration
Rail Contracts & Budgets
Rail Development (Capital Program Delivery & Engineering)
Rail Operations


San Mateo County, California
Sacramento
San Francisco
Area of Detail
San Mateo County
Los Angeles
San Diego


samTrans
Detailed Service Area
San Francisco
Daly City
Colma
Brisbane
South
San Francisco
North Base Operating
& Maintenance Facility
Pacifica
San Bruno
San Francisco
International Airport
Millbrae
Burlingame
Hillsborough
San Mateo
Half Moon Bay
South Base Operating
& Maintenance Facility
Belmont
Central Headquarters
San Carlos
Redwood City
Operating Facility
Redwood City
Atherton
Menlo Park
East Palo Alto
Santa Clara

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
	Manager, Grants and Capital Accounting	Brian Lee

Audit Firm

	Partner	Nathan Edelman, CPA
	Manager	Joe Escobar, CPA

Financial

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements:

- Statement of Net Position
- Statement of Revenue, Expenses, and Changes in Net Position
- Statement of Cash Flows
- Notes to the Financial Statements

Required Supplementary Information

- Schedule of Changes in Net OPEB Liability and Related Ratios
- Schedule of OPEB Contributions
- Schedule of Changes in the District's Net Pension Liability and Related Ratios
- Schedule of Pension Contributions

Supplementary Information

- Schedule of Revenues, Expenses, Capital Outlay and Long-Term Debt Payment Comparison of Budget to Actual (Budgetary Basis)

Notes to Supplementary Information

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors of the
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 (District) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District'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.

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

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in Net OPEB liability and related ratios, schedule of OPEB contributions, schedule of changes in the net pension liability and related ratios and the schedule of pension contributions, 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 an opinion on the financial statements taken as a whole. The budgetary comparison information, the introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The budgetary comparison information 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 budgetary comparison information 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 District'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 District's internal control over financial reporting and compliance.

Eide Bailly LLP

Menlo Park, California
October 11, 2021

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Management's Discussion and Analysis
June 30, 2021

San Mateo County Transit District

Management's Discussion and Analysis

This discussion and analysis of the San Mateo County Transit District's (District) financial performance provides an overview of the District's activities for Fiscal Year 2021 with comparisons to the prior two Fiscal Years. 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

- At June 30, 2021, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by $252.2 million *(net position).* Of this amount, a surplus net position of $53.6 million represents the unrestricted net position. On June 30, 2020, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by $159.5 million. Of this amount, a deficit net position of $51.5 million represents the unrestricted net position. On June 30, 2019, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by $74.1 million (net position). Of this amount, a deficit net position of $109.1 million represents the unrestricted net position.

- The District's total net position increased by $92.7 million in the Fiscal Year 2021 and increased by $85.4 million in the Fiscal Year 2020. The increase in the Fiscal Year 2021 was mainly due to increases of $55.1 million in federal operating assistance and $4.6 million in sales tax revenues. The increase in Fiscal Year 2020 was mainly due to increases of $35.1 million in sales tax revenues and $10.2 million in State and local transportation funds.

Overview of the Financial Statements

The Financial Section of this report presents the District's financial statements as two components: basic financial statements and notes to the financial statements. It also includes other supplemental information in addition to the basic financial statements intended to furnish additional detail to support the basic financial statements themselves.

Basic Financial Statements

The *Statement of Net Position* presents information about assets, deferred outflows and liabilities and deferred inflows with the difference between the four reported as *net position*. The change in net position over time is an indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* reports how net position has changed during the year and presents a comparison between operating revenues and operating expenses. Operating revenues and expenses are related to the District's principal business of providing bus transit services. Operating expenses include the cost of direct services to passengers, administrative expenses, contracted services and depreciation on capital assets. All other revenues and expenses not included in these categories are reported as nonoperating.

The *Statement of Cash Flows* reports inflows and outflows of cash and is classified into four major components:

- *Cash flows from operating activities* which includes transactions and events reported as components of operating income in the statement of revenues, expenses and changes in net position.

- *Cash flows from non-capital financing activitie*s which includes operating grant proceeds as well as operating subsidy payments from third parties and other nonoperating items.

- *Cash flows from capital and related financing activities* which arise from the borrowing and repayment (principal and interest) of capital-related debt, the acquisition and construction of capital assets and the proceeds of capital grants and contributions.

- *Cash flows from investing activities* which includes the proceeds from the sale of investments and receipt of interest. Outflows in this category include the purchase of investments.

Notes to the Financial Statements

Various notes provide additional information that is essential to a full understanding of the information provided in the basic financial statements and are found immediately following the financial statements to which they refer.

Other Information

This report also presents certain required supplementary information in accordance with the requirements of generally accepted accounting principles providing information about the status of the District's pension liability for its public employee retirement system and information about its other post-employment benefits unfunded liability. Additional supplementary information and associated notes concerning compliance with the District's annual budget appear immediately following the required supplementary information.

Analysis of Basic Financial Statements

In Fiscal Year 2021, total assets and deferred outflows were $621.0 million, an increase of $77.3 million or 14.2% compared to June 30, 2020. In Fiscal Year 2020, total assets and deferred outflows were $543.8 million, an increase of $65.0 million or 13.6% compared to June 30, 2019. Total current assets increased by $28.4 million or 11.9% to $266.7 million on June 30, 2021 from $238.3 million on June 30, 2020 and increased by $45.4 million or 23.5% at June 30, 2020 compared to June 30, 2019. Capital assets net of accumulated depreciation decreased by $12.4 million or 6.7% to $172.0 million at June 30, 2021 compared to 2020 and increased by $27.8 million or 17.7% in 2020 compared to 2019. Land, buses and related equipment and building and related improvements comprise most of the District's capital assets.

Condensed Statements of Net Position
(in thousands)

	2021	2020	2019
Assets			
Current assets	$ 266,651	$ 238,281	$ 192,903
Capital assets, net of depreciation	171,967	184,402	156,626
Other noncurrent assets	155,401	94,099	97,625
Total Assets	594,019	516,782	447,154
Deferred Outflows of Resources	27,030	26,994	31,608
Liabilities			
Current liabilities	58,226	64,120	75,513
Long-term debt	187,256	200,676	213,992
Other noncurrent liabilities	120,068	114,486	112,206
Total Liabilities	365,550	379,282	401,711
Deferred Inflows of Resources	3,326	5,024	2,997
Net Position			
Net investment in capital assets	171,967	184,402	156,626
Restricted	26,600	26,599	26,575
Unrestricted	53,606	(51,531)	(109,147)
Total Net Position	**$ 252,173**	**$ 159,470**	**$ 74,054**

In Fiscal Year 2021, total liabilities and deferred inflows were $368.9 million, a decrease of $15.4 million or 4.0% compared to Fiscal Year 2020. In Fiscal Year 2020, total liabilities and deferred inflows were $384.3 million, a decrease of $20.4 million or 5.0% compared to 2019. The decrease for 2021 was mostly due to decreases of $5.7 million in Unearned revenue, $13.4 million in Long-term debt, less current portion, $3.1 million in Net Other Post-Employment Benefits (OPEB) liability, and $2.4 million in Deferred inflows related to pension, partially offset by increases in Net pension liability, current portion of self-insurance liabilities and Compensated absences, less current portion. The decrease for 2020 was mostly due to decreases of $11.9 million in Accounts payables and accrued expenses and $13.3 million in Long-term debt, less current portion, partially offset by increases in Net pension liability and Deferred inflows from OPEB.

At June 30, 2021, net position was $252.2 million, an increase of $92.7 million or 58.1% compared to $159.5 million at June 30, 2020. On June 30, 2020, net position was $85.4 million or 115.3% higher than June 30, 2019. The investment in capital assets was $172.0 million on June 30, 2021. Total restricted net position at June 30, 2021 was $26.6 million. The remaining $53.6 million of total net position at June 30, 2021 was unrestricted net position. The District reported a positive unrestricted net position, mainly due to Federal operating assistance of $42.1 million from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and $16.0 million the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA).

The District entered into a Comprehensive Agreement with the San Francisco Bay Area Rapid Transit District (BART) on March 1, 1990. The purpose was to extend BART from the Daly City station to Caltrain and the San Francisco International airport via new stations at Colma, South San Francisco, San Bruno, Millbrae, and the San Francisco International Airport (SFO Extension).

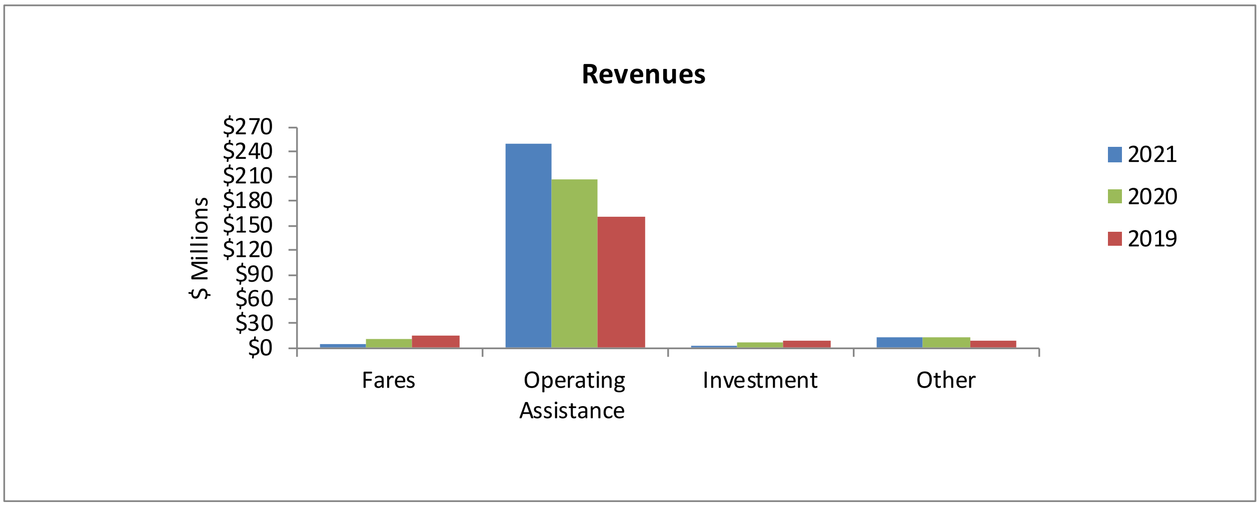
The agreement called for two projects. The first was the Colma Project, an extension of approximately 1.6 miles from the existing Daly City station to the new Colma station. The second was the SFO Extension, which included construction of 10.1 miles of additional track, four additional stations and related facilities. On June 22, 2003, the SFO Extension opened, providing service to South San Francisco, San Bruno, San Francisco International Airport and Millbrae stations.

The total contributions made by the District for the BART projects mentioned above were $410.3 million over the period from 1990 to 2007. These contributions were funded with District funds and proceeds from the sale of bonds. The District's net position was impacted by the contributions made to BART. The project serves the citizens and taxpayers of the County of San Mateo; however, the capital asset was not recorded on the District's financial statements because the District does not hold title to the capital asset nor does it manage the operation and maintenance of the BART extension. The debt outstanding related to the BART project along with the implementation of the pension and OPEB standards described in Note 8 and 9 have negatively impacted the District's net position. While these are long-term liabilities recorded on the financial statements, the net position available for operations and projects is presented below without the impact of these long-term liabilities (in thousands):

Unrestricted net position as reported on the financial statements	$ 53,606
Outstanding debt (plus premiums, net of deferred costs) related to BART contributions	192,486
Net pension liability and related deferrals	66,449
Net OPEB liability and related deferrals	20,369
Net position earmarked for operations and projects	**$ 332,910**

Revenue Highlights

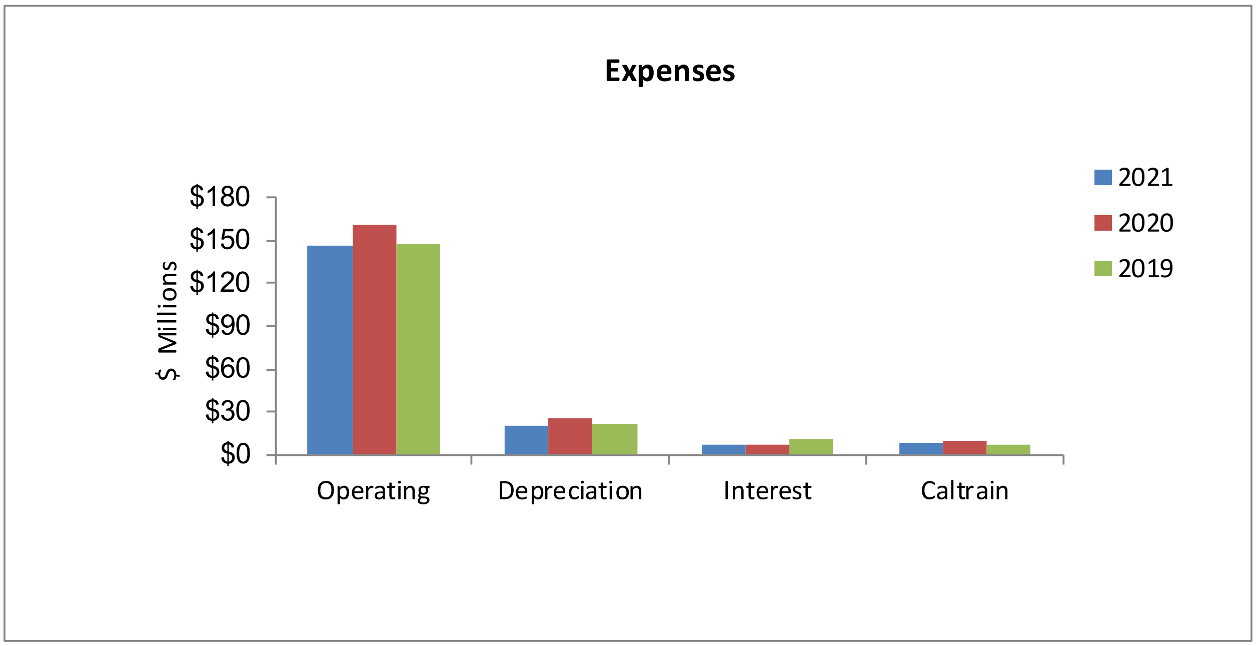
Operating revenues generated from passenger fares of $5.6 million decreased by $6.1 million or 52.0% during Fiscal Year 2021 compared to Fiscal Year 2020 and decreased by $3.9 million or 24.9% in Fiscal Year 2020 compared to Fiscal Year 2019. The decrease for Fiscal Year 2021 was a result of decline in ridership due to the impact of COVID-19 pandemic, and the decrease for Fiscal Year 2020 was a result of lower ridership.



In Fiscal Year 2021, nonoperating revenues increased by $36.4 million or 16.0% to $263.9 million. The increase was mainly due to increases in operating assistance. Operating assistance of $250.5 million accounted for the majority of Fiscal Year 2021 nonoperating revenues. This amount consisted of 56.1% from transaction and use tax, 15.9% from local transportation funds, and 28.1% from others. The largest portion of this increase is attributable to operating assistance from Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA). In Fiscal Year 2020, nonoperating revenues increased by $46.8 million or 25.9% to $227.4 million. This increase was mainly due to an increase in operating assistance and investment income. Operating assistance of $206.0 million accounted for the majority of Fiscal Year 2020 nonoperating revenues. It includes the contributions from the Transportation Authority to fund the JPB rail service operation. This amount consisted of 65.9% from transaction and use tax, 23.4% from local transportation funds, and 10.6% from others.

Expense Highlights

In Fiscal Year 2021, total operating expenses (excluding depreciation) were $146.2 million, a decrease of $14.4 million or 9.0% compared to Fiscal Year 2020. The decrease was due to a decrease in salaries and benefits and contract operation and other services. The decreases in salaries and benefits were mainly due to less overtime wages for bus operation and year-end GASB 68 pension adjustment. In Fiscal Year 2020, total operating expenses (excluding depreciation) were $160.6 million, an increase of $12.9 million or 8.7% compared to Fiscal Year 2019. Total operating expenses (excluding depreciation) in 2021 consisted of $70.3 million or 48.0% for salaries and benefits, $49.1 million or 33.6% for contract operations and other services, and $26.9 million or 18.4% for other expenses. Total operating expenses (excluding depreciation) in 2020 consisted of $83.4 million or 51.9% for salaries and benefits, $50.4 million or 31.4% for contract operations and other services, and $26.8 million or 16.7% for other expenses. Depreciation and amortization expenses were $20.5 million and $25.8 million for Fiscal Year 2021 and Fiscal Year 2020 respectively, a $5.4 million or 20.7% decrease in Fiscal Year 2021 compared to Fiscal Year 2020 and $4.4 million or 20.2% decrease in Fiscal Year 2020 compared to Fiscal Year 2019.



In Fiscal Year 2021, nonoperating expenses were $16.1 million, a decrease of $0.6 million or 3.5% compared to Fiscal Year 2020. In Fiscal Year 2020, nonoperating expenses were $16.7 million, a decrease of $1.9 million or 10.0% compared to Fiscal Year 2019. In Fiscal Year 2021, the District paid the JPB $8.9 million for its contribution toward the Caltrain rail service operation. In Fiscal Year 2020, the District paid the JPB $9.2 million for its contribution toward the Caltrain rail service operation. A more detailed discussion of the District's relationship with the JPB can be found in *Note #6 – Peninsula Corridor Joint Powers Board (JPB)* in the Notes to the Financial Statements.

Condensed Statements of Changes in Net Position
(in thousands)

	2021	2020	2019
Operating revenues-passenger fares	$ 5,615	$ 11,690	$ 15,567
Operating expenses-transit services	146,246	160,648	147,782
Operating loss before depreciation and amortization	(140,631)	(148,958)	(132,215)
Depreciation and amortization	(20,491)	(25,842)	(21,492)
Operating loss	(161,122)	(174,800)	(153,707)
Nonoperating revenues			
Operating assistance	250,472	206,031	160,416
Investment income	288	7,442	10,036
Other income, net	13,118	13,970	10,180
Total Nonoperating revenues	263,878	227,443	180,632
Nonoperating expenses			
Interest expense	(7,270)	(7,497)	(10,954)
Caltrain service subsidy	(8,877)	(9,239)	(7,634)
Total Nonoperating expenses	(16,147)	(16,736)	(18,588)
Net gain before capital contributions	86,609	35,907	8,337
Capital contributions	6,094	49,509	8,789
Change in net position	92,703	85,416	17,126
Net position - beginning of year	159,470	74,054	56,928
Net Position - end of year	**$ 252,173**	**$ 159,470**	**$ 74,054**

Capital Program

The District received capital contributions of $6.1 million in Fiscal Year 2021 and $49.5 million in Fiscal Year 2020, which was a decrease of $43.4 million or 87.7% in Fiscal Year 2021 compared to Fiscal Year 2020 and an increase of $40.7 million or 463.3% in Fiscal Year 2020 compared to Fiscal Year 2019.

The following is a summary of the District's major capital expenditures for Fiscal Year 2021.

- Purchase of revenue vehicles ($3.2 million).
- Maintenance and administrative facilities and equipment ($4.2 million).
- Communication information system ($0.4 million).
- Replacement of bus parts in accordance with FTA guidelines ($0.8 million).
- Capital project development, and others ($2.2 million).

Additional information concerning the District's Capital Assets can be found in *Note #5 - Capital Assets* in the Notes to the Financial Statements.

Debt

At June 30, 2021, the District had $198.0 million in limited tax bonds outstanding, a decrease of $13.0 million or 6.1%, compared to $211.0 million in limited tax bonds outstanding at June 30, 2020. This decrease resulted from retirement of principal in scheduled debt service payments. The District pledges sales tax revenues to secure the 2015 Series A Bonds and the 2015 Series B Bonds. Interest payments on the 2015 Series A Bonds are due on June 1 and December 1 of each year. Principal payments on the 2015 Series A Bonds began on June 1, 2019. The final maturity date for the 2015 Series A Bonds is June 1, 2034. Interest rates on the 2015 Series A Bonds range from 3.0 percent to 5.0 percent. More information on the District's long-term debt activity appears in *Note #7 - Long-term Debt* in the *Notes to the Financial Statements*.

Economic Factors and Next Year's Budget

The District's Board adopted the Fiscal Year 2022 Operating and Capital Budget on June 2nd, 2021. As in past years, District staff has taken steps to manage costs and undertake efficiencies while continuing to enhance service and revenues. The District continues to work with its funding partners and employees to pursue its goals of excellent service. The Capital Budget contains projects necessary and essential to sustain the District's existing service and infrastructure network, without compromising the vision set forth in the adopted Strategic Plan.

The Fiscal Year 2022 Operating Budget consists of $263.1 million and $199.4 million in revenues and expenditures, respectively. Passenger fares for both Motor Bus and ADA services are projected to be $8.2 million. Local, State, and Federal funds are projected to decrease to $67.0 million due to CARES ACT Funds, Transportation Development Act (TDA) and State Transportation Assistance (STA) and Transportation Authority Measure A and partially offset by anticipated increase in Operating grants. The District's half-cent sales tax receipts are projected to be $96.5 million. Measure W sales tax receipts are projected to be $48.2 million. Out of the $199.4 million projected operating costs, $144.2 million are budgeted for the Motor Bus program, $17.9 million for the A.D.A. program, and $2.8 million for the Multi-Modal program.

The $41.1 million Capital Budget contains projects that were reviewed and prioritized consistent with District policy directives and key Strategic Plan Initiatives. Major projects being undertaken in Fiscal Year 2022 include replacement of twenty one (21) Revenue Para Transit Vehicles ($3.5 million), replacement of ten (10) 2017 model Redi-Wheels Minivans ($0.9 million), replacement of one hundred thirty five (135) 2009 model heavy duty diesel buses ($29.2 million), maintaining state of good repair for District's facilities ($0.9 million), Engineering and Design phase at North Base Building 200 ($0.6 million), installation and replacement of lighting fixtures at North Base and South Base Facilities ($1.8 million), installation of six electric vehicle (EV) charging stations for Non-Revenue Vehicles ($0.6 million), and engineering and design Phase for Facility Power Infrastructure Upgrade (ZEB Implementation and Deployment) ($2.0 million).

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to demonstrate accountability for the funds the District receives. If you have questions about this report or need additional financial information, please contact the San Mateo County Transit District, attn: Chief Financial Officer, 1250 San Carlos Ave., P.O. Box 3006, San Carlos, California 94070-1306.

June 30, 2021 and 2020 (in thousands)

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents (Notes 1E & 2)	$ 138,796	$ 140,618
Restricted cash (Notes 1G & 2)	9,839	8,119
Subtotal, cash and cash equivalents	148,635	148,737
Investments (Notes 1F & 2)	38,066	34,469
Restricted investments (Notes 1G & 2)	4,788	8,264
Receivables		
Transaction and use tax	28,509	20,643
Receivable from Peninsula Corridor Joint Powers Board (Note 6)	3,588	7,089
Receivable from San Mateo County Transportation Authority (Note 6)	4,353	3,957
Federal grants (Note 4)	19,884	204
State and local grants	11,777	6,710
Interest	465	704
Other	3,703	3,971
Allowance for doubtful accounts	(234)	(98)
Total Receivables - Net	72,045	43,180
Inventories	1,663	1,682
Current prepaid items	1,454	1,749
Total Current Assets	266,651	238,081
Noncurrent Assets		
Noncurrent investments (Notes 1F & 2)	130,001	73,220
Restricted investments (Notes 1G & 2)	24,309	20,847
Noncurrent derivative instruments - fair value (Note 13)	481	-
Noncurrent prepaid items	581	200
Capital assets (Notes 1J & 5)		
Buses and bus equipment	222,823	220,442
Buildings and building improvements	75,127	72,961
Maintenance and other equipment	30,333	29,685
Furniture and fixtures	30,023	29,989
Shelters and bus stop signs	10,393	10,393
Other vehicles	3,000	2,518
Total capital assets	371,699	365,988
Less accumulated depreciation	(263,063)	(244,128)
Land (Note 5)	56,915	56,915
Construction in progress (Note 1K)	6,416	5,627
Capital assets - Net (Note 5)	171,967	184,402
Other assets	29	32
Total noncurrent assets	327,368	278,701
Total Assets	594,019	516,782

June 30, 2021 and 2020 (in thousands)

	2021	2020
Deferred Outflows of Resources		
Deferred charges on refunding	5,550	6,519
Deferred outflows related to OPEB (Note 9)	7,170	6,565
Deferred outflows related to pension (Note 8)	14,310	13,910
Total Deferred Outflows of Resources	27,030	26,994
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	12,560	14,293
Current portion of compensated absences (Note 1O)	6,764	7,386
Current portion of self-insurance liabilities (Note 10)	8,018	6,343
Accrued interest	1,837	1,778
Unearned revenues	18,267	24,000
Current portion of long-term debt (Note 7)	10,780	10,320
Total current liabilities	58,226	64,120
Noncurrent Liabilities		
Self-insurance liabilities, less current portion (Note 10)	5,315	5,433
Other noncurrent liabilities	4,377	4,377
Compensated absences, less current portion (Note 1O)	4,923	3,363
Long-term debt, less current portion (Note 7)	187,256	200,676
Net OPEB liability (Note 9)	25,085	28,217
Net pension liability (Note 8)	80,368	73,096
Total noncurrent liabilities	307,324	315,162
Total liabilities	365,550	379,282
Deferred Inflows of Resources		
Deferred inflows related to hedging derivatives insturments (Note 13)	481	-
Deferred inflows related to OPEB (Note 9)	2,454	2,203
Deferred inflows related to pension (Note 8)	391	2,821
Total Deferred Inflows of Resources	3,326	5,024
Net Position		
Investment in capital assets	171,967	184,402
Restricted for:		
Debt service	1,600	1,599
Paratransit fund (Note 1D)	25,000	25,000
Unrestricted	53,606	(51,531)
Total Net Position	$ 252,173	$ 159,470

Year Ended June 30, 2021 and 2020 (in thousands)

	2021	2020
Operating Revenues		
Passenger fares	$ 5,615	$ 11,690
Total Operating Revenues	5,615	11,690
Operating Expenses		
Salaries and benefits	70,253	83,438
Contract operations and maintenance services	38,177	39,625
Other services	10,932	10,750
Materials and supplies	7,737	7,448
Depreciation	20,491	25,842
Provisions for claims and claims adjustments	9,534	8,575
Miscellaneous	9,613	10,812
Total operating expenses	166,737	186,490
Operating loss	(161,122)	(174,800)
Nonoperating Revenues (Expenses)		
Operating assistance (Note 3)	250,472	206,031
Investment income	288	7,442
Interest expense	(7,270)	(7,497)
Caltrain service subsidy (Note 6)	(8,877)	(9,239)
Other income, net	13,118	13,970
Total Nonoperating Revenues (Expenses)	247,731	210,707
Net income (loss) before capital contributions	86,609	35,907
Capital grants (Note 1P)	6,094	49,509
Change in net position	92,703	85,416
Net Position		
Net position - beginning of year	159,470	74,054
Net Position - end of year	$ 252,173	$ 159,470

Year Ended June 30, 2021 and 2020 (in thousands)

	2021	2020
Cash Flows from Operating Activities		
Cash received from customers	$ 5,751	$ 11,690
Payments to vendors for goods and services	(98,148)	(81,981)
Payments to employees	(68,755)	(78,248)
Net cash used for operating activities	(161,152)	(148,539)
Cash Flows From Noncapital Financing Activities		
Operating assistance received	255,992	216,110
Caltrain subsidy paid	(8,877)	(9,239)
Net cash provided by non-capital financing activities	247,115	206,871
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(8,053)	(53,620)
Capital contributions from grants	1,027	59,043
Bond principal paid	(10,320)	(10,060)
Interest paid on capital debt	(8,882)	(9,356)
Net cash used for capital and related financing activities	(26,228)	(13,993)
Cash Flows From Investing Activities		
Proceeds from sale of investment securities	49,830	44,759
Purchases of investment securities	(110,480)	(49,460)
Investment income received	813	6,059
Net cash provided by (used for) investing activities	(59,837)	1,358
Net change in cash and cash equivalents	(102)	45,697
Cash and cash equivalents, beginning of year	148,737	103,040
Cash and Cash Equivalents, end of year	$ 148,635	$ 148,737

Year Ended June 30, 2021 and 2020 (in thousands)

	2021	2020
Reconciliation of Operating Loss to Net Cash Used for Operating Activities		
Operating loss	$ (161,122)	$ (174,800)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation expense	20,491	25,842
Net other postemployment liability	(3,132)	(4,816)
Net pension liability	7,272	4,759
Deferred inflows and outflows from pension activities	(2,830)	3,919
Deferred inflows and outflows from OPEB activities	(354)	1,624
Effect of changes in:		
Accounts receivable	3,241	3,922
Inventories	19	88
Prepaid items	295	329
Other assets	(381)	(200)
Accounts payable and accrued liabilities	(27,146)	(12,761)
Compensated absences	938	1,188
Self-insurance liabilities	1,557	2,367
Net Cash Used for Operating Activities	$ (161,152)	$ (148,539)

Index to the Notes

Note 1 - Operations and Summary of Significant Accounting Policies

A. Operations

The San Mateo County Transit District (District) was formed by the California State Legislature and approved by the electorate in 1974 to meet the public transit needs of San Mateo County. The District operates buses throughout San Mateo County and also provides, through purchased service with independent contractors, demand-response transportation services and certain other fixed route bus service. The District also shares in the costs of operating the Caltrain rail service. The District paid a “buy in” sum and provided the project costs incurred that were not covered by a federal grant, of extending the San Francisco Bay Area Rapid Transit District (BART) rail system into San Mateo County and once the extension opened, the District covered the net costs to operate the extension. However, on April 27, 2007, the District and BART entered into a Settlement Agreement and Release of Claims pursuant to which BART receives 2% of the revenue generated annually from the Measure A half-cent sales tax administered by the Transportation Authority and in return the District is relieved of any and all further responsibility for payment of past and future operating costs, as well as capital costs, associated with the extension. On April 27, 2007, the District and BART entered into a Settlement Agreement and Release of Claims pursuant to which BART receives 2% of the revenue generated annually from the Measure A half-cent sales tax administered by the Transportation Authority, consistent with the Transportation Expenditure Plan adopted by the San Mateo County voters in 2004, as full and final settlement of the District’s obligations to cover San Mateo County’s share of BART’s past and future operating and capital costs.

B. Financial Reporting Entity

The District’s reporting entity includes only the San Mateo County Transit District.

C. Basis of Accounting

The District is a single enterprise fund and maintains its records 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

D. Net Position

Net position is reported on the statement of net position in the following categories:

Investment in capital assets - This category includes all capital assets, net of accumulated depreciation, reduced by related debt.

Restricted net position - This category represents net position restricted by parties outside (such as creditors, grantors, contributors, and laws and regulations of other governments) and includes unspent proceeds of bonds issued to acquire or construct capital assets. Additionally, the District utilizes earnings on $25 million corpus of paratransit trust funds as a component of restricted net position. The funds are to continue in perpetuity from Measure A sales tax revenues.

Unrestricted net position - This category represents net position of the District that is not restricted for any project or other purpose.

E. 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. Cash and equivalents also include amounts invested in the LAIF pool.

F. Investments

Current investments represent securities which mature within the next 12 months. Noncurrent investments represent the portion of the District's investment portfolio that is not expected to be liquidated during the next 12 months. Investments in nonparticipating interest-earning investment contracts (guaranteed investment contracts) are reported at cost. Investment in money market accounts are also reported at net asset value. All other investments are at fair value. The fair value of investments is determined annually and is based on current market prices permitted. Investments are regulated by state statutes and could be further restricted by the grantors or enabling legislation.

G. Restricted Cash and Investments

Restricted cash and investments represent unused bond proceeds, bond reserves and other funds designated for financing the District's capital projects and related debt service. These funds are held as liquid investments or have been invested in U.S. Treasury notes, mutual funds or guaranteed investment contracts. The District also maintains restricted cash and investment accounts in the amount of $25,000,000 for Paratransit operations.

H. Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for the same purpose (e.g. a construction project), the District's policy is to use all available restricted resources first before unrestricted resources are utilized.

I. Inventories

Inventories consist primarily of bus replacement parts and fuel and are stated at average cost which approximates market. Inventories are charged to expense at the time that individual items are withdrawn from inventory.

J. Capital Assets

Capital assets are stated at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation plus ancillary charges, if any. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, as follows:

Buses and bus equipment	2 to 12 Years
Other vehicles, shelters and bus stops, maintenance and other equipment, and furniture and fixtures	3 to 20 Years
Building	30 Years
Building improvements	2 to 5 Years

The District's policy is to capitalize all capital assets with a cost greater than $5,000 and a useful life of more than one year.

K. Construction in Progress

Construction in progress consists of the following projects at June 30 (in thousands):

	2021	2020
Maintenance facility improvements	$ 733	$ 1,091
Bus fleet improvements	2,620	2,198
Shelter, fencing and bus stop improvements	2,711	2,174
Other	352	164
Total Construction in Progress	**$ 6,416**	**$ 5,627**

L. State and Local Operating Assistance

State and local operating assistance is recorded as revenue upon approval by the granting agencies. The District serves as the cash conduit for State Transit Assistance received on behalf of the Peninsula Corridor Joint Powers Board (see Note 6) and does not recognize revenues or expenses associated with this agency function.

M. Bond Issuance Costs

Bond issuance costs are expensed upon the issuance of related debt except for bond prepaid insurance. Bond discounts, prepaid insurance and premiums are amortized over the life of the bonds.

N. Arbitrage

Arbitrage is reviewed on an annual basis and the corresponding liability is accrued accordingly.

O. Compensated Absences

Employees accrue compensated absence time by reason of tenure at annual rates ranging from 169 to 344.5 hours per year. Employees are allowed to accumulate from 800 hours up to 1,440 hours of compensated absence time, depending upon the number of years of service.

The changes in compensated absences were as follows for Fiscal Year ended June 30 (in thousands):

	2021	2020
Beginning Balance	$ 10,749	$ 9,561
Additions	7,560	7,787
Payments	(6,622)	(6,599)
Ending Balance	11,687	10,749
Current Portion	6,764	7,386
Non-current Portion	$ 4,923	$ 3,363

P. Capital Grants

The District receives grants from the Federal Transit Administration (FTA), State, and local transportation funds for the acquisition of buses and other equipment and improvements. Capital contributions are recorded as revenues and the cost of the related assets are generally included as additions to property and equipment. Depreciation of assets acquired with capital grant funds is included in the depreciation expense in the statement of revenues, expenses and changes in net position.

Capital contributions for the years ended June 30 were as follows (in thousands):

	2021	2020
Federal grants	$ 2,907	$ 37,685
State grant (Prop 1B)	2,601	11,225
Local assistance	586	599
Total	**$ 6,094**	**$ 49,509**

Q. Operating and Nonoperating Revenues and Expenses

The District distinguishes operating revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses generally result from directly providing services in connection with the District's principal operations of bus transit services. These revenues are primarily passenger fares. Operating expenses include cost of sales and services, administrative expenses, contracted services and depreciation on capital assets. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

R. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

S. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

T. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements.

U. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position also reports deferred outflows of resources. This separate element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The District reports deferred outflows of resources from pension, OPEB activities and bond refunding.

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 pension, OPEB, and hedging activities.

V. Fair Value Measurement

Generally Accepted Accounting Principles provide guidance for determining a fair value measurement for reporting purposes, applying fair value to investments, and disclosures related to a hierarchy established by generally accepted accounting principles. The 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.

W. New Accounting Pronouncements

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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, or FY 2020/2021. Implementation of this statement did not have a material impact on the District's financial statements.

GASB Statement No. 90 – In August 2018, GASB issued Statement No. 90, *Majority Equity Interest, an amendment of GASB statements No. 14 and No. 61*. The objectives 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 a material impact on the District'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 District 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 objectives 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 (b) 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 District 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 objectives 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 District is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, Omnibus 2020. The objectives 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 which were effective upon issuance. The District 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 objectives 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 District 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 objectives 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 District 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 objectives 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 District is evaluating the impact of this Statement on the financial statements.

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; (2) 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 (3) 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 District is evaluating the impact of this Statement on the financial statements.

Note 2 - Cash and Investments

Policies

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. The District is in compliance with the Board approved Investment Policy and California Government Code requirements.

Classification

The District's cash and investments as of June 30 are classified in the statement of net position as follows (in thousands):

	2021	2020
Cash and cash equivalents	$ 148,635	$ 148,737
Current investments	38,066	34,469
Current restricted investments	4,788	8,264
Noncurrent investments	130,001	73,220
Noncurrent restricted investments	24,309	20,847
Total	**$ 345,799**	**$ 285,537**

The District's cash and investments consist of the following at June 30 (in thousands):

	2021	2020
Cash on hand	$ 22	$ 22
Deposits with financial institutions	73,615	73,303
Investments	272,162	212,212
Total	**$ 345,799**	**$ 285,537**

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	

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt covenants, rather than the general provisions of the California Government Code or the District's investment policy. These provisions allow for the acquisition of investment agreements, repurchase agreements and U.S. Treasury Securities with maturities of up to 30 years.

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.

The District'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. Agency Securities	$ 67,530	4.57
U.S. Government Securities	51,428	2.15
Corporate Notes	43,922	3.28
Commercial Paper	5,998	0.22
Certificates of Deposit	7,476	1.22
Municipal Debt Securities	6,996	3.65
Money Market Mutual Funds	13,813	-
Local Agency Investment Fund (LAIF)	74,999	0.80
Total	**$ 272,162**	
Portfolio Weighted Average Maturity		2.42

The District'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. Agency Securities	$ 19,097	2.23
U.S. Government Securities	57,605	2.68
Corporate Notes	34,201	2.36
Commercial Paper	6,647	0.24
Certificates of Deposit	6,658	0.84
Municipal Debt Securities	301	4.09
Money Market Mutual Funds	12,291	-
Local Agency Investment Fund (LAIF)	75,412	0.52
Total	**$ 212,212**	
Portfolio Weighted Average Maturity		1.36

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 June 30 for each investment type.

		Rating as of June 30, 2021				
Investment Type	**Amount (in thousands)**	**AAA**	**AA**	**A**	**BBB+**	**Not Rated**
U.S. Agency Securities	$ 67,530	$ -	$ 67,530	$ -	$ -	$ -
U.S. Government Securities	51,428	-	51,428	-	-	-
Corporate Notes	43,922	14,638	6,425	22,859	-	-
Commercial Paper	5,998	-	-	5,998	-	-
Certificates of Deposit	7,476	-	7,476	-	-	-
Municipal Debt Securities	6,996	1,896	4,771	329	-	-
Money Market Mutual Funds	13,813	-	-	-	-	13,813
Local Agency Investment Fund (LAIF)	74,999	-	-	-	-	74,999
Total	**$ 272,162**	**$ 16,534**	**$ 137,630**	**$ 29,186**	**$ -**	**$ 88,812**

		Rating as of June 30, 2020				
Investment Type	**Amount (in thousands)**	**AAA**	**AA**	**A**	**BBB+**	**Not Rated**
U.S. Agency Securities	$ 19,097	$ -	$ 19,097	$ -	$ -	$ -
U.S. Government Securities	57,605	-	57,605	-	-	-
Corporate Notes	34,201	5,043	4,997	17,411	4,752	1,998
Commercial Paper	6,647	-	-	6,647	-	-
Certificates of Deposit	6,658	-	6,658	-	-	-
Municipal Debt Securities	301	-	301	-	-	-
Money Market Mutual Funds	12,291	-	-	-	-	12,291
Local Agency Investment Fund (LAIF)	75,412	-	-	-	-	75,412
Total	**$ 212,212**	**$ 5,043**	**$ 88,658**	**$ 24,058**	**$ 4,752**	**$ 89,701**

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Two issuers exceeded 5% of the District's total investment portfolio for the year ended June 30, 2021:

Issuer (in thousands)	Investment Type	2021	Concentration
Federal National Mortgage Association	U.S. Agency Securities	$ 19,604	7.20%
Federal Home Loan Mortgage Corporation	U.S. Agency Securities	42,780	15.72%
Total		**$ 62,384**	

There were no investments in any one issuer that exceeded 5% of the District's total investment portfolio for the year ended June 30, 2020.

Fair Value Measurements

The District 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 District 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 State Local Agency Investment Fund are not measured using the input levels above because the District'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 District's fair value hierarchy table as of June 30, 2021:

Investment Type	Total	Level 1	Level 2	Uncategorized
U.S. Agency Securities	$ 67,530	$ -	$ 67,530	$ -
U.S. Government Securities	51,428	51,428	-	-
Corporate Notes	43,922	-	43,922	-
Commercial Paper	5,998	-	5,998	-
Certificates of Deposit	7,476	-	7,476	-
Municipal Debt Securities	6,996	-	6,996	-
Money Market Mutual Funds	13,813	-	-	13,813
Local Agency Investment Fund (LAIF)	74,999	-	-	74,999
Total investments by fair value type	**$ 272,162**	**$ 51,428**	**$ 131,922**	**$ 88,812**

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

Investment Type	Total	Level 1	Level 2	Uncategorized
U.S. Agency Securities	$ 19,097	$ -	$ 19,097	$ -
U.S. Government Securities	57,605	57,605	-	-
Corporate Notes	34,201	-	34,201	-
Commercial Paper	6,647	-	6,647	-
Certificates of Deposit	6,658	-	6,658	-
Municipal Debt Securities	301	-	301	-
Money Market Mutual Funds	12,291	-	-	12,291
Local Agency Investment Fund (LAIF)	75,412	-	-	75,412
Total investments by fair value type	**$ 212,212**	**$ 57,605**	**$ 66,904**	**$ 87,703**

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the District 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 District 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 fair value of 110 percent of the District's cash on deposit, or first trust deed mortgage notes with a fair value of 150 percent of the deposit, as collateral for these deposits. Under California law, this collateral is held in a separate investment pool by another institution in the pool's name and places the pool, which includes the District's deposits, ahead of general creditors of the institution.

The District 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 District employs the Trust Department of a bank or trustee as the custodian of certain District managed investments, regardless of their form.

As of June 30, 2021 and 2020, the District had $73,615,000 and $73,161,000, respectively, in deposits with financial institutions recorded on the financial statements. Additionally, the District is required to hold certain capital fund amounts in interest bearing accounts. These balances are in excess of the federal depository insurance limits, and are collateralized with securities held by the pledging financial institution. The amount of deposits exposed to custodial credit risk at June 30, 2021 and 2020 was $73,365,000 and $73,182,000, respectively. However, due to California State Law, the excess balances are collateralized with pledged securities by the financial institutions holding the District's deposits.

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not registered with the Securities and Exchange Commission.

As of June 30, 2021 and June 30, 2020, the District had a contractual withdrawal value in LAIF of $74,993,002 and $74,910,070, respectively. Investments in LAIF are not categorized because deposits and withdrawals are made on the basis of $1 and not fair value.

Note 3 - Operating Assistance

The District receives operating assistance from various federal, state and local sources. The District receives funds from two San Mateo County sales tax: a permanent half-cent transaction and use tax levied on all taxable sales in San Mateo County and a half-cent sales tax which will be levied through June 30, 2049 (and half of which is administered by the San Mateo County Transportation Authority (Transportation Authority), both of which are collected and administered by the California Department of Tax and Fee Administration. Transportation Development Act funds are received from San Mateo County to meet, in part, operating and capital requirements based on annual claims filed by the District and approved by the Metropolitan Transportation Commission (MTC). Federal funds are distributed to the District by the Federal Transportation Administration (FTA) after approval by MTC. The District also receives Transportation Authority funds as a result of the approval and re-authorization of 2004 Measure A (half-cent county sales tax) for funding of certain transportation projects and programs.

Operating assistance is summarized as follows for the years ended June 30 (in thousands):

	2021	2020
Transaction and use tax	$ 140,411	$ 135,835
Local transportation funds	39,725	48,311
Federal operating and planning assistance	2,454	2,691
Federal CARES Act	42,108	2,794
Federal CRRSA Act	16,038	-
State transit assistance	4,769	11,219
Measure A funds - local	3,200	3,640
Measure W funds - local	1,617	1,391
AB434 and other	150	150
Total	**$ 250,472**	**$ 206,031**

Note 4 - Federal Capital Grants

The District has a number of grant contracts with the FTA that provide federal funds for the acquisition of buses and other equipment and improvements. Capital additions at June 30, 2021 and 2020 applicable to these projects are $10,874,000 and $56,507,000, respectively. The related federal participation is $2,907,000 and $37,685,000, respectively.

The District has recorded receivables of $1,702,000 and $48,000, at June 30, 2021 and 2020, respectively, for qualifying capital project expenditures under FTA grant contracts in excess of reimbursements. The remaining federal receivable balance is related to federal operating grants.

Under the terms of the grants, contributions for equipment sold or retired during its useful life are refundable to the federal government in proportion to the related capital grant funds received, unless the net book value or proceeds from sale is under grant-prescribed limits.

Note 5 - Capital Assets

Capital asset activity for the Fiscal Year ended June 30, 2021, was as follows (in thousands):

	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021
Depreciable Capital Assets				
Buses and bus equipment	$ 220,442	$ 3,887	$ (1,506)	$ 222,823
Buildings and building improvements	72,961	2,166	-	75,127
Maintenance and other equipment	29,685	648	-	30,333
Furniture and fixtures	29,989	34	-	30,023
Shelters, fencing and bus stop signs	10,393	-	-	10,393
Other vehicles	2,518	533	(51)	3,000
Total Depreciable Capital Assets	365,988	7,268	(1,557)	371,699
Less Accumulated Depreciation for				
Buses and bus equipment	(119,797)	(17,161)	1,506	(135,452)
Buildings and building improvements	(62,236)	(1,220)	-	(63,456)
Maintenance and other equipment	(27,487)	(922)	-	(28,409)
Furniture and fixtures	(29,946)	(47)	-	(29,993)
Shelters, fencing and bus stop signs	(2,845)	(938)	-	(3,783)
Other vehicles	(1,817)	(204)	51	(1,970)
Total Accumulated Depreciation	(244,128)	(20,492)	1,557	(263,063)
Nondepreciable Capital Assets				
Land	56,915	-	-	56,915
Construction in progress	5,627	8,058	(7,269)	6,416
Total Nondepreciable Capital Assets	62,542	8,058	(7,269)	63,331
Capital Assets, Net	**$ 184,402**	**$ (5,166)**	**$ (7,269)**	**$ 171,967**

Capital asset activity for the Fiscal Year ended June 30, 2020, was as follows (in thousands):

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
Depreciable Capital Assets				
Buses and bus equipment	$ 176,969	$ 48,840	$ (5,367)	$ 220,442
Buildings and building improvements	73,303	369	(711)	72,961
Maintenance and other equipment	27,546	4,022	(1,883)	29,685
Furniture and fixtures	33,295	-	(3,306)	29,989
Shelters, fencing and bus stop signs	10,372	21	-	10,393
Other vehicles	2,467	172	(121)	2,518
Total Depreciable Capital Assets	323,952	53,424	(11,388)	365,988
Less Accumulated Depreciation for				
Buses and bus equipment	(112,603)	(12,587)	5,393	(119,797)
Buildings and building improvements	(61,284)	(1,612)	660	(62,236)
Maintenance and other equipment	(22,406)	(6,989)	1,908	(27,487)
Furniture and fixtures	(27,008)	(2,938)	-	(29,946)
Shelters, fencing and bus stop signs	(1,299)	(1,546)	-	(2,845)
Other vehicles	(1,768)	(170)	121	(1,817)
Total Accumulated Depreciation	(226,368)	(25,842)	8,082	(244,128)
Nondepreciable Capital Assets				
Land	53,855	3,060	-	56,915
Construction in progress	5,187	53,619	(53,178)	5,627
Total Nondepreciable Capital Assets	59,042	56,679	(53,178)	62,542
Capital Assets, Net	**$ 156,626**	**$ 84,261**	**$ (56,484)**	**$ 184,402**

Note 6 - Related Parties

Peninsula Corridor Joint Powers Board (JPB)

The District is a member in the Peninsula Corridor Joint Powers Board (JPB) along with the Santa Clara Valley Transportation Authority (VTA) and the City and County of San Francisco (CCSF). The JPB is governed by a separate board comprised of nine members – three from each member agency. On October 31, 2008, all three of the JPB member agencies together with the Metropolitan Transportation Commission (MTC) signed an agreement to fully resolve all outstanding financial issues related to the acquisition of the Caltrain right of way. Both the CCSF and VTA have agreed to reimburse the District using gasoline “spillover” funds. The population based “spillover” funds are to be paid directly to the District from the MTC, and revenue based “spillover” funds are to be paid to the District from the San Francisco Municipal Transportation Agency (SFMTA) and VTA. The parties agreed to make best efforts to allocate the funds in full within two to four years and, in no event, later than 10 years.

As of June 30, 2021, the District has received a total of $33.5 million from “spillover”, Federal Transportation Improvement Program funds as well as local VTA and SFMTA funds. In consideration for the District’s reduction in the interest rate applied to the District’s advance of funds to purchase the right of way, the parties expressly agreed in the October 31, 2008 Agreement to designate the District as the Managing Agency of the JPB. This agreement further provides that the District will serve in that capacity unless and until it no longer chooses to do so. Out of the total $53.3 million repayment per this agreement, $33.5 million has been repaid to the District. The contractual commitment from MTC on behalf of CCSF and VTA for the remaining principal amount of $19.8 million has yet to be repaid to the District. Ultimately, when all payments have been received by the District, the District will reconvey to the JPB all of its interest in the title to the right of way in San Mateo County.

The District is responsible for 30.60 and 32.66 percent of the mainline net operating costs and the administrative expenses of the JPB for the years ended June 30, 2021 and 2020, respectively. The District recognizes the entire amount of contributions paid to the JPB as an expense in the year disbursed. During the years ended June 30, 2021 and 2020, the District contributed $8,877,000 and $9,239,000 respectively, to the JPB for operating needs.

The District had total receivables from the JPB of $3,588,000 at June 30, 2021, down from $7,089,000 at June 30, 2020, for advances of staff support and operating costs. Complete financial statements for the JPB can be obtained from the Peninsula Corridor Joint Powers Board at 1250 San Carlos Ave., San Carlos, California 94070.

San Mateo County Transportation Authority (Transportation Authority)

The Transportation Authority was formed in June 1988 as a result of the approval of Measure A (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 was to be responsible for the administration of funds to be used for transportation projects collected over a period of 20 years by the half-cent county sales tax. The Transportation Authority designated the District as the entity responsible for overall management of the Transportation Authority. In November 2004, the voters reauthorized the sales tax to be collected for an additional 25 years (through 2033) and administered by the Transportation Authority in accordance with a new publicly-developed Expenditure Plan.

In addition, Measure W authorizes the District to transfer one half of that sales tax's revenues to the Transportation Authority for administration. Accordingly, the Transportation Authority now administers the Measure W Congestion Relief Program elements related to highways, roadways, bicycle/pedestrian projects, and regional transportation connections.

Without further voter approval, the Transportation Authority is expected to exist for so long as it continues to administer and/or implement programs/projects funded by Measure A.

The District provides administrative personnel and facilities to the Transportation Authority. The Transportation Authority has funded various real estate acquisitions, which are necessary for transportation projects. In most cases, the Transportation Authority has chosen not to hold title to real estate assets it has acquired as a result of its financial support of transportation projects in its Expenditure Plan. The District holds title to properties, both as an accommodation to Transportation Authority as well as for use in transit. The District has recorded these parcels as capital assets.

In November 1994, the Transportation Authority purchased and subsequently transferred the Dumbarton land and right of way to the District. The basis of this property is $7,134,000. In December 2001, the Transportation Authority purchased and subsequently transferred the Redwood City Wye land and right of way, adjacent to the Dumbarton parcels, to the District. The basis of this property is $7,103,000. The note of $4,343,000 is included in other noncurrent liabilities on the statement of net position. The District also has an accrued interest liability of $1,157,000 and $1,060,000, respectively, as of June 30, 2021 and 2020 for the promissory note.

In July 2007, the District acquired four acres of property located in San Carlos along the Caltrain right of way from the Transportation Authority for a promissory note of $4,343,000. The fair market value for the land, accounting for the risk associated with hazardous materials, is $7,739,000. The District recognized the difference of the fair market value and the promissory note as a local grant contribution from the Transportation Authority. Originally, the property had been acquired by the Transportation Authority for the purpose of constructing a railroad grade separation structure. Having completed the grade separation, the Transportation Authority Board of Directors agreed to sell the property to the District. Under the terms of the transaction, the District is permitted to pay the purchase price over time subject to the payment of interest prospectively at the current rate of return earned by the Transportation Authority on its investment portfolio until the principal is paid in full before December 1, 2033.

The District has total receivables from the Transportation Authority of $4,353,000 and $3,957,000 at June 30, 2021 and 2020 respectively, for advances of staff support and operating costs and reimbursement of Caltrain subsidy. Complete financial statements for the Transportation Authority can be obtained from the Transportation Authority at 1250 San Carlos Ave., San Carlos, California, 94070.

San Mateo County Express Lanes Joint Powers Authority (SMCELJPA)

In May of 2019, the Transportation Authority and City/County Association of Governments ("C/CAG") formed the San Mateo County Express Lanes Joint Powers Authority ("SMCELJPA") through a Joint Exercise of Powers Agreement to exercise their shared rights to own, administer and manage the San Mateo County U.S. 101 Express Lanes 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 SMCELJPA. The District's staff supports 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 SMCELJPA's website). The Transportation Authority will compensate the District for staff time spent in support of the SMCELJPA; the SMCELJPA will in turn reimburse the Transportation Authority such costs.

Note 7 - Long-Term Debt

Composition and Changes

The District generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt. The District's debt issues and transactions are summarized below and discussed in detail thereafter.

Long-term debt activity for the year ended June 30, 2021 is as follows (in thousands):

	Original Issue Amount	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021	Current Balance at June 30, 2021
Limited Tax Bonds						
2015 Series A Refunding Bonds 3.00%-5.00%, due 6/1/2034	$ 210,280	$ 193,220	$ -	$ (10,320)	$ 182,900	$ 10,780
Total debt		193,220	-	(10,320)	182,900	**$ 10,780**
Unamortized bond premium		17,776	-	(2,640)	15,136	
Total bonds payable		**$ 210,996**	**$ -**	**$ (12,960)**	**$ 198,036**	

Long-term debt activity for the year ended June 30, 2020 is as follows (in thousands):

	Original Issue Amount	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020	Current Balance at June 30, 2020
Limited Tax Bonds						
2015 Series A Refunding Bonds 3.00%-5.00%, due 6/1/2034	$ 210,280	$ 203,280	$ -	$ (10,060)	$ 193,220	$ 10,320
Total debt		203,280	-	(10,060)	193,220	**$ 10,320**
Unamortized bond premium		20,772	-	(2,996)	17,776	
Total bonds payable		**$ 224,052**	**$ -**	**$ (13,056)**	**$ 210,996**	

Description of the District's Long-Term Debt Issues

2015 Series A and Series B Refunding Bonds – In Fiscal Year 2015, the District issued $210,280,000 of the Limited Tax Bonds, Refunding 2015 Series A (the 2015 Series A Bonds) and $39,965,000 of the Limited Tax Bonds, Refunding 2015 Series B (Federally Taxable) (the 2015 Series B Bonds, and, together with the 2015 Series A Bonds, the 2015 Series Bonds) to advance refund the 1993 Series A Bonds, the 2005 Series A Bonds, and the 2009 Series A Bonds, all of which were issued to assist in the financing or refinancing of facilities necessary or convenient for the provision of transit services.

The 2015 Series Bonds were issued pursuant to an Indenture, dated as of April 1, 2015, as supplemented and amended from time to time pursuant to its terms (the Indenture), between the District and U.S. Bank National Association, as trustee (the Trustee).

The District issued the 2015 Series Bonds in order to advance refund all of its prior debt secured by the Sales Tax, comprised of $56,420,000 aggregate principal amount of the 1993 Series A Bonds, $218,990,000 aggregate principal amount of the 2005 Series A Bonds and $10,505,000 aggregate principal amount of the 2009 Series A Bonds. The proceeds of the 2015 Series Bonds, together with funds held on deposit under the 1990 Indenture, to refund and legally defease all of the 1993 Series A Bonds, the 2005 Series A Bonds and the 2009 Series A Bonds (hereinafter collectively referred to as the Prior Bonds). In connection with the refunding and defeasance of the Prior Bonds, the District entered into an Escrow Agreement, dated as of April 1, 2015 (the Escrow Agreement), with U.S. Bank National Association, as trustee and escrow agent (the Escrow Agent), pursuant to which the Escrow Agent established escrow funds (each, an Escrow Fund) to provide for the payment of the principal of and interest on the Prior Bonds to their date of redemption or maturity, as applicable. Amounts deposited in each Escrow Fund are expected to be invested in direct obligations of, or obligations which are unconditionally guaranteed by, the United States of America (the Escrow Securities), the principal of and interest on which, together with any cash held uninvested in such Escrow Fund, will be sufficient to pay the principal of and interest on the Prior Bonds secured by such Escrow Fund to the date of their redemption or maturity, as applicable. Amounts deposited in each Escrow Fund are pledged to the payment of the Prior Bonds secured by such Escrow Fund and will not be available for the payment of any bonds other than the Prior Bonds secured by such Escrow Fund.

Interest on the 2015 Series Bonds is payable semiannually on June 1 and December 1 of each year. The 2015 Series Bonds are subject to optional redemption prior to their respective stated maturities. Principal on the 2015 Series A is payable on June 1, 2019 and annually thereafter on June 1 of each year through 2034.

Proceeds from the 2015 Refunding Bonds were used to purchase U.S. Government Securities and were placed in an irrevocable trust, in an amount necessary to satisfy principal and interest payments on the 1993 Series A Bonds and 2009 Series A Refunding Bonds. The 2005 Bonds were called and paid off in Fiscal Year 2015. The refunded 1993 and 2009 Bonds have been paid off in Fiscal Year 2020.

The 2015 Series Bonds are special obligations of the District payable from the receipts of a sales tax to assist in the financing or refinancing of facilities necessary or convenient for the provision of transit services. The amount and terms of pledged revenue is the outstanding secured debt service as noted on the debt service requirement schedule in the following paragraph. The amount of pledged revenues recognized for the secured debt was $93.8 million and the amount required for the debt service was $19.1 million during Fiscal Year 2021. The pledged revenue coverage was 4.91 percent.

Debt Service Requirements to Maturity

Future Debt Service requirements are as follows (in thousands):

Fiscal Year Ending June 30,	2015 Series A Principal	Interest	Total
2022	$ 10,780	$ 8,370	$ 19,150
2023	11,290	7,855	19,145
2024	11,825	7,318	19,143
2025	12,390	6,748	19,138
2026	13,010	6,126	19,136
2027-2031	75,445	20,193	95,638
2032-2034	48,160	3,172	51,332
Total debt service	**$ 182,900**	**$ 59,782**	**$ 242,682**

Note 8 - Pension Plan

Plan Description

General Information About the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees, including those assigned to work for the Peninsula Corridor Joint Powers Board (JPB) and the San Mateo County Transportation Authority (Transportation Authority), are eligible to participate in the District's defined benefit pension plan, an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefits are established by contract with CalPERS in accordance with the provisions of the Public Employees' Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of CalPERS credited service are eligible to retire at age 50 with statutorily reduced benefits. Effective January 1, 2013, new CalPERS members are subject to the Public Employees' Pension Reform Act (PEPRA); to be eligible for retirement, a PEPRA employee must be at least 52 years of age. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The plan provisions and benefits in effect at June 30, 2021, are summarized as follows:

Hire date	Prior to June 1, 2012	June 1, 2012 through December 31, 2012	On or after January 1, 2013
Benefit formula	2.0% at 55	2.0% at 60	2.0% at 62
Minimum years of service to vest	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Earliest retirement age	50	50	52
Required employee contribution rates	7.000%	7.000%	7.000%
Required employer contribution rates*	8.947%	8.947%	8.947%

*Excluding an additional UAL payment in the amount of $5,079,409.

Employees Covered – At June 30, 2021, the following employees were covered by the plan:

Inactive employees (or their beneficiaries) currently receiving benefits	407
Inactive employees entitled to but not yet receiving benefits	133
Active employees	649
Total number of employees covered by the benefit terms	**1,189**

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers to be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Annually, in addition to funding the "normal cost" of the pension plan, the District is required to amortize a portion of the unfunded accrued liability through a payment into the plan. A portion of this cost is attributed to the JPB and the Transportation Authority. In FY21, the JPB's portion of this payment was $599,000, and the Transportation Authority's portion of this payment was $76,000; In FY20, the JPB's portion of this payment was $1,036,000, and the Transportation Authority's portion of this payment was $90,000.

Net Pension Liability

The District's net pension liability for Fiscal Year 2021 is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability for Fiscal Year 2021 is measured as of June 30, 2020, using an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The District's net pension liability for Fiscal Year 2020 is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability for Fiscal Year 2020 is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. Net pension liability includes all employees assigned to work for the JPB and the Transportation Authority. A summary of principal assumptions and methods used in the latest actuarial valuation to determine the net pension liability follows.

Actuarial Assumptions – The total pension liabilities in the June 30, 2020 and June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

	2020	**2021**
Valuation Date	June 30, 2018	June 30, 2019
Measurement Date	June 30, 2019	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.63%
Payroll Growth	3.00%	2.88%
Projected Salary Increase	Varies by Entry-Age and Service	Varies by Entry-Age and Service
Investment Rate of Return	7.15% (1)	7.15% (1)
Mortality	(2)	(2)

(1) Net of pension plan investment expenses, including inflation.

(2) The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Further details regarding the experience study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.15 percent for each Plan for both Fiscal Years ended June 30, 2021 and 2020. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the District's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected 7.15% rate of return on pension plan investments, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitivity	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

(a) An expected inflation of 2.00% used for this period.
(b) An expected inflation of 2.92% used for this
Source: CalPERS 2020 Annual Comprehensive Financial Report.

Changes in the Net Pension Liability

The changes in the net pension liability recognized over the measurement period ended June 30, 2020 (Fiscal Year ended June 30, 2021) is as follow (in thousands):

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2020	$ 369,559	$ 296,463	$ 73,096
Changes recognized for the measurement period			
Service cost	9,524	-	9,524
Interest on the total pension liability	26,145	-	26,145
Difference between expected and actual experience	87	-	87
Contributions from the employer	-	9,633	(9,633)
Contributions from employees	-	4,434	(4,434)
Net investment income	-	14,835	(14,835)
Benefit Payments, including refunds	(17,477)	(17,477)	-
Administrative Expense	-	(418)	418
Net changes	18,279	11,007	7,272
Balance at June 30, 2021	**$ 387,838**	**$ 307,470**	**$ 80,368**

The changes in the Net Pension Liability recognized over the measurement period ended June 30, 2019 (Fiscal Year ended June 30, 2020) is as follow (in thousands):

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2019	$ 349,668	$ 281,331	$ 68,337
Changes recognized for the measurement period			
Service cost	8,706	-	8,706
Interest on the total pension liability	24,887	-	24,887
Difference between expected and actual experience	1,785	-	1,785
Contributions from the employer	-	8,159	(8,159)
Contributions from employees	-	4,157	(4,157)
Net investment income	-	18,503	(18,503)
Benefit Payments, including refunds	(15,487)	(15,487)	-
Administrative Expense	-	(201)	201
Other miscellaneous income/(expense)	-	1	(1)
Net changes	19,891	15,132	4,759
Balance at June 30, 2020	**$ 369,559**	**$ 296,463**	**$ 73,096**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability for the measurement period ended June 30, 2020 (Fiscal Year ended June 30, 2021) calculated using the plan discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (in thousands):

	1% Decrease	Current	1% Increase
Discount Rate	6.15%	7.15%	8.15%
Net Pension Liability	$ 129,085	$ 80,368	$ 39,655

The following presents the net pension liability for the measurement period ended June 30, 2019 (Fiscal Year ended June 30, 2020) calculated using the plan discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (in thousands):

	1% Decrease	Current	1% Increase
Discount Rate	6.15%	7.15%	8.15%
Net Pension Liability	$ 120,171	$ 73,096	$ 33,801

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – For the year ended June 30, 2021, the District recognized pension expense of $15,156,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 10,714	$ -
Changes of assumptions	-	(391)
Differences between expected and actual experiences	1,145	-
Net differences between projected and actual earnings on plan investments	2,451	-
Total	**$ 14,310**	**$ (391)**

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – For the year ended June 30, 2020, the District recognized pension expense of $18,310,000. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 9,633	$ -
Changes of assumptions	2,121	(1,173)
Differences between expected and actual experiences	2,156	(164)
Net differences between projected and actual earnings on plan investments	-	(1,484)
Total	**$ 13,910**	**$ (2,821)**

Deferred outflows of resources related to contributions subsequent to the measurement date is $10,714,000, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as a reduction to pension expense as follows (in thousands):

Year Ended June 30	
2022	$ (729)
2023	1,137
2024	1,554
2023	1,243
Total	**$ 3,205**

Note 9 - Post-Retirement Health Care Benefits

Plan Description and benefits provided

In August 1993, the District's Board of Directors adopted the San Mateo County Transit District Retiree Healthcare Plan (Plan). The Plan provides lifetime post-retirement CalPERS medical care insurance benefits to qualified retirees, those who have attained at least 50 years of age and have at least five years of service and who retire under CalPERS within 120 days of separation from District employment, and their eligible dependents and surviving spouses. Benefit allowance provisions are established, and may be amended, through agreements and memorandums of understanding (MOUs) between the District, its management employees and unions representing District employees. In April 2008, the District's Board of Directors adopted an Other Post Employment Benefit (OPEB) funding plan (Plan) and in April 2009, as authorized by that plan, adopted the California Employers' Retiree Benefit Trust (CERBT), a tax-exempt Internal Revenue Code section 115 trust administered by CalPERS.

The Plan provides qualified retirees for life with a cash subsidy in the form of a fixed-dollar District contribution directly to CalPERS for monthly medical insurance premiums of up to $476 for employee-only coverage, $953 for employee-plus-one coverage, or $1,239 for employee-plus-two coverage. However, for Kaiser plans specifically, the rate are $432 for employee coverage, $864 for employee-plus-one coverage, or $1123 for employee-plus-family coverage. Retirees can select from various health plans offered by the District through CalPERS such as Blue Shield, Kaiser, Health Net, Anthem, and United Healthcare. If a qualified retiree waives coverage, the retiree will not receive the District's contribution.

The District contributes to the CERBT, an agent multiple-employer defined benefit other postemployment benefits plan that is an irrevocable trust established to fund postemployment healthcare benefits. This trust is not considered a component unit of the District and is excluded from these financial statements. The CERBT issues a publicly available annual financial report, which may be obtained from the CalPERS website. At the June 30, 2019 and June 30, 2020 measurement dates, the numbers of active and retired District employees covered by the Plan were as follows:

	2020	**2019**
Retired employees receiving benefits	391	383
Retired employees entitled to but not receiving benefits	126	263
Active plan members	747	769
Total	**1,264**	**1,415**

Funding Policy and Contribution

The Plan also called for increasing amounts to be funded into the trust each year until the full Annual Determined Contribution (ADC) can be funded on an annual basis. The District contributes an amount that is actuarially determined that represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

In Fiscal Year ended June 30, 2021, the District contributed $3,238,000 to the established trust fund through CERBT. In addition, the District contributed $2,709,000 in pay-as-you-go amounts for the year ended June 30, 2021. Additional contributions were in the form of an implicit subsidy in the amount of $638,000 were made.

In Fiscal Year ended June 30, 2020, the District contributed $3,238,000 to the established trust fund through CERBT. In addition, the District contributed $2,684,000 in pay-as-you-go amounts for the year ended June 30, 2020. Additional contributions in the form of an implicit subsidy in the amount of $643,000 were made.

Annually, in addition to funding the "normal cost" of the OPEB plan, the District is required to amortize a portion of the unfunded accrued liability through a payment into the plan. A portion of this cost is attributed to the JPB and the Transportation Authority. In FY21, the JPB's portion of this payment was $321,000, and the Transportation Authority's portion of this payment was $26,000; In FY20, the JPB's portion of this payment was $745,000, and the Transportation Authority's portion of this payment was $65,000.

Net OPEB Liability

The District's net OPEB liability includes all employees assigned to work for the JPB and the Transportation Authority. It was measured as of June 30, 2020 for the Fiscal Year ended on June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 that was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Discount Rate	6.75%
Inflation	2.75%
Investment Rate of Return	6.75%
Mortality	Projected fully generational with Scale MP-2019
Healthcare Trend Rate	Non-Medicare – 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 Medicare – 6.5% for 2021, decreasing to an ultimate rate of 4.0% in 2076

The District's net OPEB liability was measured as of June 30, 2019 for the Fiscal Year ended on June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 that was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Discount Rate	6.75%
Inflation	2.75%
Investment Rate of Return	6.75%
Mortality	Projected fully generational with Scale MP-2019
Healthcare Trend Rate	Non-Medicare – 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 Medicare – 6.5% for 2021, decreasing to an ultimate rate of 4.0% in 2076

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Public Equity	59.00%	4.82%
Fixed Income	25.00%	1.47%
TIPS	5.00%	1.29%
Commodities	3.00%	0.84%
REITs	8.00%	3.76%
	100.00%	

*Includes 2.63% inflation.

Source: CalPERS 2020 Annual Comprehensive Financial Report

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent for both measurement dates as of June 30, 2020 and 2019. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Change in Net OPEB Liability

The changes in the net OPEB liability for the District's plan over the measurement period ended June 30, 2020 (Fiscal Year ended June 30, 2021) are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020	$ 51,083	$ 22,866	$ 28,217
Changes for the year:			
Service cost	1,623	-	1,623
Interest	3,446	-	3,446
Changes in assumptions	(931)	-	(931)
Contribution - employer	-	6,565	(6,565)
Net investment income	-	725	(725)
Benefit payments and refunds	(3,318)	(3,318)	-
Administrative expenses	-	(20)	20
Net changes	820	3,952	(3,132)
Balance at June 30, 2021	**$ 51,903**	**$ 26,818**	**$ 25,085**

The changes in the net OPEB liability for the District's plan over the measurement period ended June 30, 2019 (Fiscal Year ended June 30, 2020) are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2019	$ 51,646	$ 18,613	$ 33,033
Changes for the year:			
Service cost	1,638	-	1,638
Interest	3,486	-	3,486
Differences between actual and expected	(2,076)	-	(2,076)
Changes in assumptions	(330)	-	(330)
Contribution - employer	-	6,327	(6,327)
Net investment income	-	1,219	(1,219)
Benefit payments and refunds	(3,281)	(3,281)	-
Administrative expenses	-	(12)	12
Net changes	(563)	4,253	(4,816)
Balance at June 30, 2020	**$ 51,083**	**$ 22,866**	**$ 28,217**

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the year ended June 30, 2021 and 2020:

Net OPEB Liability for the Fiscal Year Ended on June 30, 2021

Discount Rate - 1% (5.75%)	Current Discount Rate (6.75%)	Discount Rate + 1% (7.75%)
$ 29,986	**$ 25,085**	**$ 20,871**

Net OPEB Liability for the Fiscal Year Ended on June 30, 2020

Discount Rate - 1% (5.75%)	Current Discount Rate (6.75%)	Discount Rate + 1% (7.75%)
$ 33,122	**$ 28,217**	**$ 24,003**

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for the year ended June 30, 2021 and 2020:

Net OPEB Liability for the Fiscal Year Ended on June 30, 2021

Trend Rate - 1%	Current Trend	Trend Rate + 1%
$ 23,708	**$ 25,085**	**$ 26,983**

Net OPEB Liability for the Fiscal Year Ended on June 30, 2020

Trend Rate - 1%	Current Trend	Trend Rate + 1%
$ 26,982	**$ 28,217**	**$ 29,906**

OPEB Plan Fiduciary Net Position

CalPERS issues a publicly available financial report that may be obtained from CalPERS website at http://www.calpers.ca.gov.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the Fiscal Year ended June 30, 2021, the District recognized an OPEB expense in the amount of $3,099,000. As of Fiscal Year ended June 30, 2021, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 6,585	$ -
Changes of Assumptions	-	(1,016)
Differences between Expected and Actual Experiences	585	-
Net differences between projected and actual earnings on plan investments	-	(1,438)
Total	**$ 7,170**	**$ (2,454)**

For the Fiscal Year ended June 30, 2020, the District recognized an OPEB expense in the amount of $3,373,000. As of Fiscal Year ended June 30, 2020, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 6,565	$ -
Changes of Assumptions	-	(279)
Differences between Expected and Actual Experiences	-	(1,757)
Net differences between projected and actual earnings on plan investments	-	(167)
Total	**$ 6,565**	**$ (2,203)**

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss. The contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended 2022. The other deferrals are amortized over the remaining 6 years from 2021 to 2027 as follows:

Year Ended June 30		
2022	$	(432)
2023		(360)
2024		(329)
2025		(346)
2026		(329)
Thereafter		(73)
Total	**$**	**(1,869)**

Note 10 - Insurance Programs

The District 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; injuries to employees, and natural disasters. The District is self-insured for a portion of its public liability, property damage and workers' compensation liability. As of June 30, 2021, coverage provided by self-insurance and excess coverage (purchased by the District) is generally summarized as follows:

Type of coverage	Self-Insured Retention (in thousands)	Excess Insurance (in thousands)
General Liability and Auto Liability	$1,000 per occurrence	$90,000 per occurrence/ annual aggregate
Workers' Compensation	$1,000 per occurrence	$10,000 per occurrence
Employment Practices	$500 per claim	$5,000 aggregate
Bus Physical Damage	$50 maximum per vehicle / $150 maximum per occurrence	$100,000 Per Occurrence $156,000 Total Insurable Values (TIV)
Real and Personal Property	$25 per occurrence	$90,000 Per Occurrence $124,314 Total Insurable Values (TIV)
Environmental Liability	$50 per occurrence	$5,000 3-year policy aggregate
Fiduciary Liability	$10 per occurrence	$2,000 Aggregate
Cyber Liability	$50 per occurrence	$5,000 aggregate
Crime Insurance/Employee Dishonesty	$25 per occurrence except for $50 fraudulent impersonation	$15,000 per loss
Kidnap & Ransom	$0	$1,000 aggregate

With the exception of the older, 2009 Gillig buses insured at actual cash value (ACV), all rolling stock is insured at full replacement value for total insurable values (TIV) of $156,000,000. Real and Personal Property is insured for total insurable values (TIV) of $124,314,047 and is inclusive of $25,000,000 in state and federally mandated flood insurance. General Liability is inclusive of Public Officials Liability up to $50,000,000. Coverage extends to the Transportation Authority in excess of the Authority's own $11,000,000 in general liability coverage and $3,000,000 public officials liability policy. Terrorism coverage applies to Liability and Property. Earthquake coverage remains cost prohibitive to procure. To date there have been no significant reductions in any of the District's insurance coverage. Settlements have not exceeded excess coverages for each of the past three Fiscal Years.

The unpaid claims liabilities are based on the results of actuarial studies and include amounts for claims incurred but not reported and incremental claim expenses. Allocated and unallocated claims adjustment expenses are included in the claims liability balances. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

Annual expense is charged using various allocation methods that include actual costs, trends in claims experience, and number of participants. It is the District's practice to obtain full actuarial studies annually.

Changes in the balances of claims liabilities for the two years ended June 30 for public liability, property damage and workers' compensation are as follows (in thousands):

	2021	2020
Self-insurance liabilities, beginning of year	$ 11,776	$ 9,409
Incurred claims and changes in estimates	5,668	5,984
Claim payments and related costs	(4,111)	(3,617)
Total Self-insurance claims liabilities	13,333	11,776
Less current portion	8,018	6,343
Noncurrent portion	**$ 5,315**	**$ 5,433**

Note 11 - Commitment and Contingent Liabilities

Legal

The District is directly and indirectly involved in various litigation matters relating principally to claims alleging personal injury and property damage arising from incidents related to the provision of its transit service. In the opinion of District management and legal counsel, as of June 30, 2021, the ultimate resolution of these matters will not materially affect the District's financial position.

Grants

The District's grants are subject to review and audit. Such audits could lead to requests for reimbursement for expenditures disallowed under the terms of the grants. In the opinion of management, such allowances, if any, will not materially affect the District's financial position.

Note 12 - PTMISEA Grants

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B on November 7, 2006, includes a program of funding in the amount of $4 billion to be deposited in the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). Of this amount, $3.6 billion in the PTMISEA is available to project sponsors in California for allocation to eligible public transportation projects.

The following table shows the changes in activity related to the PTMISEA grant funds during the Fiscal Year and the remaining commitment as of June 30, 2021:

	PTMISEA 2010 Various Projects Allocation (Fund 3606)	PTMISEA 2011 Various Projects Allocation (Fund 3622)	PTMISEA 2015 Various Projects Allocation (Fund 3643)	PTMISEA 2014 Various Projects Allocation (Fund 3639)	PTMISEA 2015 Various Projects Allocation (Fund 3646)	Various PTMISEA Grant Interest (Fund 3636)
Available proceeds June 30, 2020	$ 242,915	$ 155,674	$ 904,075	$ 637,548	$ 68,106	$ 215,500
Allocations received	-	-	-	-	-	4,761
Adjustment	28,000	(83,828)	-	-	(240)	-
Pass Thru Expenses	-	-	-	-	-	-
Total Expenditures	(255,462)	-	(303,098)	276,740	(13,177)	-
Available proceeds June 30, 2021	**$ 15,453**	**$ 71,846**	**$ 600,977**	**$ 914,288**	**$ 54,689**	**$ 220,261**

Note 13 - Hedge Program

In order to create more certain future diesel fuel costs and to manage the budget risk caused by uncertain future diesel fuel prices, the District established a diesel fuel hedging program. The hedging instruments used are New York Harbor Ultra Low Sulfur Diesel (NYHRBRULSD) futures contracts with a notional amount of 42,000 gallons each as listed on the New York Mercantile Exchange Clearinghouse (NYMEX). As of June 30, 2021, The District had 31 futures contracts. As of June 30, 2021, the aggregate fuel hedge contracts covered a period from July 2021 through December 2022.

The District enters into futures contracts to hedge its price exposures to diesel fuel which is used in District vehicles to provide transportation. These contracts are derivative instruments. The effectiveness of the hedge is determined according to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which require a statistically strong relationship between the price of the futures contracts and the District's cost of diesel fuel from suppliers in order to ensure that the futures contracts effectively hedge the expected cash flows associated with diesel fuel purchases/exposures. The District applies hedge accounting for derivatives that are deemed effective hedges. Under hedge accounting, the increase (decrease) in the fair value of a hedge is reported as a deferred cash flow on the statement of net position. For the reporting period, all of the District's derivatives meet the effectiveness tests. Net gains/losses from completed hedges become an element of diesel fuel cost.

For diesel fuel futures contracts, the fair values are determined according to exchange settlement prices and the prices at which the futures contracts were purchased where each contract has a volume of 42,000 gallons. The following is a summary of the fair values and notional amounts of derivative instruments (diesel futures contracts) outstanding as of June 30, 2021 (in thousands):

	2021 Change in Fair Value		Fair Value, June 30, 2021		
	Classification	Amount	Classification	Amount	Notional
Effective Cash Flow Hedges					
Futures contracts	Deferred Inflow	$ 481	Derivative Instruments	$ 481	1,302,000 Gallons
				$ 481	

Credit Risk

The District is exposed to credit risk in the amount of the derivative's fair value. When the fair value of any derivative has a positive market value, the risk is that the Counterparty will not fulfill its obligations. The counterparty for diesel futures contracts is the NYMEX. Futures do not have credit risk because the clearing house guarantees against default risk by taking both sides of all transactions where positions are marked-to-market on a daily basis. Futures contracts are highly regulated by the Commodity Futures Trading Commission.

Basis Risk

The District is exposed to basis risk on its expected fuel hedge contracts because the future fuel purchases are based on a pricing point different from the pricing point at which the future contracts settle.

Market Risk

The District is exposed to market risk arising from adverse changes in the market prices of the commodity.

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Required Supplementary Information
June 30, 2021

San Mateo County Transit District

(Amounts in thousands)	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018*
Total OPEB Liability				
Service cost	$ 1,623	$ 1,638	$ 1,659	$ 1,611
Interest on Total OPEB Liability	3,446	3,486	3,367	3,247
Changes of Assumptions	(931)	(330)	-	-
Difference Between Expected and Actual Experience	-	(2,076)	-	-
Benefit Payments, Including Refunds of Employee Contributions	(3,318)	(3,281)	(3,199)	(3,032)
Net Change in Total OPEB Liability	820	(563)	1,827	1,826
Total OPEB Liability - Beginning	51,083	51,646	49,819	47,993
Total OPEB Liability - Ending	$ 51,903	$ 51,083	$ 51,646	$ 49,819
Fiduciary Net Position				
Contributions - Employer	$ 6,565	$ 6,327	$ 6,746	$ 5,032
Net Investment Income	725	1,219	1,143	1,174
Benefit Payments, Including Refunds of Employee Contributions	(3,318)	(3,281)	(3,199)	(3,032)
Administrative Expense	(20)	(12)	(36)	(6)
Net Change in Fiduciary Net Position	3,952	4,253	4,654	3,168
Plan Fiduciary Net Position - Beginning	22,866	18,613	13,959	10,791
Plan Fiduciary Net Position - Ending	$ 26,818	$ 22,866	$ 18,613	$ 13,959
Net OPEB Liability - Ending	**$ 25,085**	**$ 28,217**	**$ 33,033**	**$ 35,860**
Fiduciary Net Position as a Percentage of the Total OPEB Liability	51.67%	44.76%	36.04%	28.02%
Covered Payroll	$ 74,287	$ 70,978	$ 64,378	$ 49,777
Net OPEB Liability as a Percentage of Covered Payroll	33.77%	39.75%	51.31%	72.04%
Measurement date	6/30/2020	6/30/2019	6/30/2018	6/30/2017

(Amounts in thousands)	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018*
Actuarially Determined Contribution	$ 6,585	$ 6,565	$ 6,326	$ 6,080
Benefit Payments, Including Refunds of Employee Contributions	(6,585)	(6,565)	(6,326)	(6,080)
Contribution Deficiency (Excess)	**$ -**	**$ -**	**$ -**	**$ -**
Covered Payroll	71,296	74,287	70,978	64,378
Contributions as a Percentage of Covered Payroll	9.24%	8.84%	8.91%	10.83%
Actuarial Valuation Date	6/30/2019	6/30/2019	6/30/2017	6/30/2017

* Historical information is not available prior to the implementation of the OPEB standards.

(Amounts in thousands)	2021	2020	2019	2018	2017[2]	2016	2015 [1]
Total pension liability							
Service cost	$ 9,524	$ 8,706	$ 8,511	$ 8,145	$ 7,020	$ 6,831	$ 7,062
Interest on the total pension liability	26,145	24,887	23,524	22,342	21,338	20,157	-
Changes of assumptions	-	-	(2,738)	18,030	-	(4,780)	-
Difference between expected and actual experience	87	1,785	2,022	(1,390)	(903)	(894)	18,965
Benefit payments, including refunds of employee contributions	(17,477)	(15,487)	(14,227)	(12,618)	(11,410)	(10,095)	(9,115)
Net change in total pension liability	18,279	19,891	17,092	34,509	16,045	11,219	16,912
Total pension liability - beginning of year	369,559	349,668	332,576	298,067	282,023	270,804	253,892
Total pension liability - end of year	$ 387,838	$ 369,559	$ 349,668	$ 332,576	$ 298,068	$ 282,023	$ 270,804
Fiduciary net position							
Net plan to plan resource movement	$ -	$ -	$ (1)	$ -	$ -	$ -	$ -
Contributions from the employer	9,633	8,159	6,603	5,961	5,014	4,192	4,023
Contributions from employees	4,434	4,157	3,703	3,489	3,428	3,199	3,312
Net investment income	14,835	18,503	22,310	26,892	1,287	5,413	35,934
Benefit payments, including refunds of employee contributions	(17,477)	(15,487)	(14,227)	(12,618)	(11,410)	(10,095)	(9,115)
Administrative expense	(418)	(201)	(412)	(355)	(148)	(273)	-
Other miscellaneous income/(expense)	-	1	(782)	-	-	-	-
Net change in fiduciary net position	11,007	15,132	17,194	23,369	(1,829)	2,436	34,154
Fiduciary net position - beginning of year	296,463	281,331	264,137	240,768	242,596	240,160	206,006
Fiduciary net position - end of year	**$ 307,470**	**$ 296,463**	**$ 281,331**	**$ 264,137**	**$ 240,767**	**$ 242,596**	**$ 240,160**
Net pension liability	**$ 80,368**	**$ 73,096**	**$ 68,337**	**$ 68,439**	**$ 57,301**	**$ 39,427**	**$ 30,644**
Fiduciary net position as a percentage of the total pension liability	79.28%	80.22%	80.46%	79.42%	80.78%	86.02%	88.68%
Covered payroll	$ 64,498	$ 61,004	$ 56,133	$ 49,777	$ 47,112	$ 47,169	$ 45,795
Net pension liability as percentage of covered payroll	124.61%	119.82%	121.74%	137.49%	121.63%	83.59%	66.92%
Measurement date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

[1] Ten year information is not available before the implementation of the pension standards.

[2] In 2017 the discount rate was changed to 7.15 percent from 7.65 percent.

(Amounts in thousands)	2021	2020	2019	2018	2017	2016	2015 [1]
Contractually required contribution (actuarially	$ 10,714	$ 9,633	$ 8,158	$ 6,603	$ 5,943	$ 5,014	$ 4,192
Contributions in relation to the actuarially determined contributions	(10,714)	(9,633)	(8,158)	(6,603)	(5,943)	(5,014)	(4,192)
Contribution deficiency (excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Covered payroll	$ 64,630	$ 64,498	$ 61,004	$ 56,133	$ 49,777	$ 47,112	$ 47,169
Contributions as a percentage of covered payroll	16.58%	14.94%	13.37%	11.76%	11.94%	10.64%	8.53%
Actuarial Valuation Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012

[1] Ten year information is not available before the implementation of the pension

Note 1 – OPEB methods and assumptions used to determine contributions

Actuarial Cost Method	Entry-Age Normal Cost Method
Asset Valuation Method	Fair Value of Assets
Amortization Method	Level Percent of Payroll
Actuarial Assumptions	
Discount Rate	6.75%
Inflation	2.75%
Aggregate Payroll Increase	3.00%
Salary Merit and Longevity Increases	CalPERS 1997-2015 Experience Study

Note 2 – Pension methods and assumptions used to determine contributions

Actuarial Cost Method	Entry-Age Normal Cost Method						
Asset Valuation Method	Fair Value of Assets						
Actuarial Assumptions							
Actuarial Valuation Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Discount Rate	7.250%	7.250%	7.375%	7.500%	7.500%	7.500%	7.500%
Inflation	2.625%	2.625%	2.750%	2.750%	2.750%	2.750%	2.750%
Payroll Growth	2.875%	2.875%	3.000%	3.000%	3.000%	3.000%	3.000%
Projected Salary Increase	Varies by Entry-Age and Service						
Mortality	Rates Vary by Age, Type of Retirement and Gender						

Supplementary Information
June 30, 2021

San Mateo County Transit District

(Amounts in thousands)

	Budget	Actual	Variance Positive (Negative)
Operating Revenues - Passenger Fares	$ 5,260	$ 5,615	$ 355
Operating Expenses:			
Salaries and benefits	78,257	69,293	8,964
Contract operations and maintenance services	43,634	38,177	5,457
Other services	12,936	10,932	2,004
Materials and supplies	7,304	7,737	(433)
Insurance	9,839	9,534	305
Miscellaneous	13,976	9,613	4,363
Total operating expenses	165,946	145,286	20,660
Operating loss	(160,686)	(139,671)	21,015
Nonoperating Revenues (Expenses)			
Operating assistance	197,495	250,472	52,977
Investment income	3,630	149	(3,481)
Interest expense	(9,094)	(6,302)	2,792
Caltrain service subsidy	(8,877)	(8,877)	-
Other income, net	12,570	13,118	548
Total nonoperating income (expenses)	195,724	248,560	52,836
Income (loss) before capital outlay and long-term debt principal payments	35,038	108,889	73,851
Capital Outlay			
Capital assistance	11,898	6,094	(5,804)
Capital expenditures	(11,898)	(6,094)	5,804
Net capital outlay	-	-	-
Long-term debt principal or interest payment	(10,320)	(10,320)	-
Excess (Deficiency) Of Revenues and Nonoperating Income Over Expenses, Capital Outlay and Debt Principal Payments	**$ 24,718**	**$ 98,569**	**$ 73,851**

Note 1 - Budgetary Basis of Accounting

The District prepares its budget on a basis of accounting that differs from Generally Accepted Accounting Principles (GAAP). The actual results of operations are presented in the supplemental schedule on the budgetary basis to provide a meaningful comparison of actual results with budget. In addition, certain budget amounts have been reclassified to conform to the presentation of actual amounts in the supplemental schedule. Budgeted amounts presented are the final adopted budget. The primary difference between the budgetary basis of accounting and GAAP concerns capital assets. Depreciation and amortization expense per GAAP is not budgeted and budgeted capital expenditures are not recorded as an expense per GAAP. In addition, unrealized gains and losses under GASB Statement No. 31 are not recognized as well as some long-term expenses such as OPEB and bond related payments.

Note 2 - Reconciliation of Budgetary Basis to GAAP Basis

A reconciliation of the budgetary basis of accounting to GAAP is as follows (in thousands):

Excess of revenues and non-operating income over expenses, capital outlay and debt principal payment		$ 98,569
Capital expenditures	$ 6,094	
Depreciation and amortization	(20,491)	
Postemployment benefits accrual	3,487	
Pension Expense - GASB 68	(4,447)	
Long-term debt principal payments	10,320	
GASB 31 unrealized gain/loss	(2,806)	
Capital gain (losses) on investment	416	
Bond refunding costs amortization expense	(968)	
Interest Income Invest Premium/Discount	(112)	
Bond premium amortization	2,641	
Sub-total reconciling items		(5,866)
Change in net position, GAAP basis		**$ 92,703**

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Statistical
June 30, 2021

San Mateo County Transit District

Statistical

Financial Trends

- Net Position and Change in Net Position

Revenue Capacity

- Revenue Base and Revenue Rate
- Overlapping Revenue
- Principal Revenue Payers

Debt Capacity

- Ratio of Outstanding Bonds
- Bonded Debt
- Direct and Overlapping Debt and Limitations
- Pledged Revenue Coverage

Demographics and Economic Information

- Population, Income, and Unemployment Rates
- Principal Employers

Operating Information

- Ridership and Fares
- Farebox Recovery and Miles
- Employees (Full-time Equivalents)
- Capital Assets

Statistical Section

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

Financial Trends

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

Revenue Capacity

These schedules contain information to assist readers in understanding and assessing the factors affecting the District's ability to generate passenger fares.

Debt Capacity

These schedules assist readers in understanding and assessing the District's debt burden and its capacity to issue future debt.

Demographics and Economic Information

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

Operating Information

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

Fiscal Years 2012 Through 2021 (in thousands)

Fiscal Year	2021	2020	2019	2018[3]	2017	2016	2015[2]	2014	2013	2012[1]
Operating Revenues - Passenger Fares	$ 5,615	$ 11,690	$ 15,567	$ 15,742	$ 17,041	$ 18,078	$ 18,816	$ 18,557	$ 17,808	$ 17,452
Operating Expenses										
Salaries and benefits	70,253	83,438	75,467	67,851	60,665	58,598	55,382	60,001	57,227	58,921
Contract operations and maintenance	38,177	39,625	40,507	35,694	34,621	33,326	33,399	31,471	30,152	29,851
Other services	10,932	10,750	9,770	9,312	8,856	8,388	6,092	4,666	5,580	5,866
Materials and supplies	7,737	7,448	7,604	7,300	6,588	6,626	8,158	8,769	9,487	8,768
Insurance	9,534	8,575	5,306	3,603	6,651	4,505	4,171	(2,094)	6,770	7,430
Miscellaneous	9,613	10,812	9,128	8,139	7,598	6,656	5,784	5,514	4,935	4,433
Total operating expenses	146,246	160,648	147,782	131,899	124,979	118,099	112,986	108,327	114,151	115,269
Operating loss before depreciation, amortization and administrative expenses capitalized	(140,631)	(148,958)	(132,215)	(116,157)	(107,938)	(100,021)	(94,170)	(89,770)	(96,343)	(97,817)
Depreciation and amortization	(20,491)	(25,842)	(21,492)	(23,078)	(22,252)	(21,550)	(16,860)	(27,184)	(26,939)	(24,297)
Operating Loss	(161,122)	(174,800)	(153,707)	(139,235)	(130,190)	(121,571)	(111,030)	(116,954)	(123,282)	(122,114)
Nonoperating Revenues (Expenses)										
Operating assistance	250,472	206,031	160,416	144,802	135,910	126,254	124,097	126,786	121,788	110,672
Investment income	288	7,442	10,036	3,859	3,536	5,580	1,782	1,663	586	1,375
Interest expense	(7,270)	(7,497)	(10,954)	(11,145)	(11,249)	(11,226)	(9,896)	(15,559)	(16,400)	(16,247)
Caltrain service subsidy	(8,877)	(9,239)	(7,634)	(6,170)	(6,480)	(6,080)	(6,260)	(5,440)	(14,000)	(10,620)
Interagency administrative income	-	-	-	-	-	-	-	6,552	5,501	3,483
Other income, net	13,118	13,970	10,180	10,860	11,492	9,777	10,119	8,866	13,941	13,152
Total nonoperating revenues, net	247,731	210,707	162,044	142,206	133,209	124,305	119,842	122,868	111,416	101,815
Net income (loss) before capital contributions	86,609	35,907	8,337	2,971	3,019	2,734	8,812	5,914	(11,866)	(20,299)
Capital contributions	6,094	49,509	8,789	10,970	25,424	12,778	33,361	33,281	-	11,049
Change In Net Position	92,703	85,416	17,126	13,941	28,443	15,512	42,173	39,195	(11,866)	(9,250)
Restatement	-	-	-	(23,400) [3]	-	-	(153,202) [2]	-	-	(3,557) [1]
Net Position Components										
Net investment in capital assets	171,967	184,402	156,626	165,481	171,022	167,850	176,616	(20,964)	(34,446)	(23,448)
Restricted	26,600	26,599	26,575	26,804	26,811	26,804	26,087	25,000	27,745	33,982
Unrestricted	53,606	(51,531)	(109,147)	(135,357)	(131,446)	(156,710)	(180,271)	129,425	100,967	84,149
Net Position	**$ 252,173**	**$ 159,470**	**$ 74,054**	**$ 56,928**	**$ 66,387**	**$ 37,944**	**$ 22,432**	**$ 133,461**	**$ 94,266**	**$ 94,683**

[1] 2012 restatement due to implementation of GASB 65.

[2] 2015 restatement due to implementation of GASB 68 and reversal of the BART contribution.

[3] 2018 restatement due to implementation of GASB 75.

This table presents revenues and expenses, contributions, depreciation and amortization and net position components.

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

Fiscal Year Ending	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Passenger fares (in thousands)	$ 5,615	$ 11,690	$ 15,567	$ 15,742	$ 17,041	$ 18,078	$ 18,816	$ 18,557	$ 17,808	$ 17,452
Revenue Base										
Number of passengers (in thousands)	4,581	8,973	10,671	11,133	11,817	12,794	13,488	12,784	12,752	12,995
Fare structure										
Adults local fare	$ 2.25	$ 2.25	$ 2.25	$ 2.25	$ 2.25	$ 2.25	$ 2.00	$ 2.00	$ 2.00	$ 2.00
Senior citizen/disabled/ Medicare cardholder	$ 1.10	$ 1.10	$ 1.10	$ 1.10	$ 1.10	$ 1.10	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Youth	$ 1.10	$ 1.10	$ 1.10	$ 1.10	$ 1.10	$ 1.10	$ 1.25	$ 1.25	$ 1.25	$ 1.25
Redi-Wheels (Paratransit)	$ 4.25	$ 4.25	$ 4.25	$ 4.25	$ 3.75	$ 3.75	$ 3.75	$ 3.75	$ 3.75	$ 3.75
Sales tax rate [2]	0.75%	0.75%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Sales tax revenue (in thousands)	$ 140,411	$ 135,835	$ 100,729	$ 87,797	$ 84,353	$ 79,705	$ 80,975	$ 77,606	$ 73,859	$ 69,370
Taxable sales in San Mateo County (in thousands) [1]	$ 18,721,430	$ 18,800,000	$ 19,700,000	$ 17,900,000	$ 16,600,000	$ 15,941,000	$ 16,194,800	$ 15,521,200	$ 14,771,800	$ 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.

This table presents passenger fares, number of passengers and revenue fare structure, the half-cent transaction and use tax received by the District and the total taxable sales in San Mateo County

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

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

San Mateo County Transit District

Overlapping Revenue

Fiscal Years 2012 Through 2021

Fiscal year	State	City and County	Other Special Districts	San Mateo County Transit District [1]	City of San Mateo Transactions and Use Tax	City of Half Moon Bay Transactions and Use Tax	San Mateo County Transactions and Use Tax	City of South San Francisco Transactions and Use Tax	City of Belmont Transactions and Use Tax	City of East Palo Alto Transactions and Use Tax	City of Burlingame Transactions and Use Tax	City of Redwood City Transactions and Use Tax	City of San Bruno Transactions and Use Tax	City of Daly City Local Recovery and Relief Transactions and Use Tax	Total
2021	6.00%	1.25%	0.50%	0.50%	0.25%	0.00%	1.00%	0.50%	0.50%	0.50%	0.25%	0.50%	0.50%	0.50% [16]	12.75%
2020	6.00%	1.25%	0.50%	0.50%	0.25%	0.00%	1.00% [14]	0.50%	0.50%	0.50%	0.25%	0.50%	0.50% [15]		12.25%
2019	6.00%	1.25%	0.50%	0.50%	0.25%	0.00%	0.50%	0.50%	0.50%	0.50%	0.25%	0.50% [13]			11.25%
2018	6.00%	1.25%	0.50%	0.50%	0.25%	0%	0.50%	0.50%	0.50%	0.50%	0.25% [12]				10.75%
2017	6.50% [8]	1.25%	0.50%	0.50%	0.25%	0%	0.50%	0.50%	0.50% [10]	0.50% [11]					11.00%
2016	6.50%	1.00%	0.50%	0.50%	0.25%	0.50%	0.50%	0.50% [9]							10.25%
2015	6.50%	1.00%	0.50%	0.50%	0.25%	0.50%	0.50%								9.75%
2014	6.50%	1.00%	0.50%	0.50%	0.25%	0.50%	0.50%								9.75%
2013	6.50% [5]	1.00%	0.50%	0.50%	0.25%	0.50% [6]	0.50% [7]								9.75%
2012	6.25%	1.00%	0.50%	0.50%	0.25%										8.50%

[1] State legislation requires the District to obtain the approval of a majority of the voters in a public election to approve any sales tax measure.

[2] 2009 State portion includes 1% Proposition 1A 1-cent sales tax increase effective on April 1, 2009.

[3] 2010 City of San Mateo Transactions and Use Tax (SMTG), tax rates effective on April 1, 2010.

[4] State sales tax reduced to 6.25% effective July 1, 2011.

[5] State sales tax increased to 6.50% effective January 1, 2013.

[6] City of Half Moon Bay Transactions and Use Tax (HMBG), tax rates effective on April 1, 2013, expires March 31, 2016.

[7] San Mateo County Transactions and Use Tax (SMGT), tax rates effective on April 1, 2013.

[8] State sales tax and local sales tax effective January 1, 2017.

[9] South San Francisco Fiscal Stability & Essential Services Transactions and Use Tax (SSFR), tax effective April 1, 2016

[10] City of Belmont Transactions and Use Tax (BMTG), tax rates effective on April 1, 2017

[11] City of East Palo Alto Transactions and Use Tax (EPAG), tax rates effective on April 1, 2017

[12] City of Burlingame Transactions and Use Tax (BUEG), tax rates effective on April 1, 2018

[13] City of Redwood City Transactions and Use Tax (REDG), tax rates effective on April 1, 2019

[14] Measure W, tax rates effective on July 1, 2019

[15] City of San Bruno Transactions and Use Tax, tax rates effective on April 1, 2020

[16] City of Daly City Local Recovery and Relief Transactions and Use Tax, tax rates effective on April 1, 2021

This table presents the tax rates for local authorities in San Mateo County. The District receives a half-cent county transaction and use tax.

Source: California State Board of Equalization
District Taxes, Rates, & Effective Dates
California City and County Sales & Use Tax rates
https://www.cdtfa.ca.gov/taxes-and-fees/sales-use-tax-rates.htm
https://www.cdtfa.ca.gov/taxes-and-fees/sales-use-tax-rates-history.htm#excludes

SOURCES:

https://www.cdtfa.ca.gov/taxes-and-fees/sales-use-tax-rates.htm — Go to District Taxes, Rates, and Effective Dates

https://www.cdtfa.ca.gov/taxes-and-fees/sales-use-tax-rates-history.htm — Shows state and local tax rates

	FY2020			FY2011		
Major Industry Group	Rank	Percent of Sales Receipts	Amount	Rank	Percent of 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).

Fiscal Year	Revenue Bonds for SamTrans (in thousands)[1]	Personal Income for San Mateo County (in millions)[2]		As a Percent of Personal Income
2021	$ 198,036	$ 109,064	*	0.18%
2020	210,996	105,887	*	0.20%
2019	224,052	102,803	*	0.22%
2018	239,243	98,568		0.24%
2017	254,291	90,766		0.28%
2016	269,235	82,046		0.33%
2015	284,128	78,607		0.36%
2014	290,353	71,111		0.41%
2013	300,357	65,656		0.46%
2012	306,802	64,765		0.47%

[1] Current 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 2019, 2020, and 2021 is based on an estimated three percent annual increase over 2017.

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

Fiscal Year	Revenue Bonds for SamTrans (in thousands)	Total Taxable Sales in San Mateo County	As a Percent of Total Taxable Sales in San Mateo County
2021	$ 198,036	$ 18,721,416	1.06%
2020	210,996	18,111,348 [1]	1.16%
2019	224,052	20,145,709	1.11%
2018	239,243	17,559,383	1.36%
2017	254,291	16,870,577	1.51%
2016	269,235	15,941,000	1.69%
2015	284,128	16,194,800	1.75%
2014	290,353	15,521,200	1.87%
2013	300,357	14,771,800	2.03%
2012	306,802	13,906,978	2.21%

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

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

Source: Annual Comprehensive Financial Reports and California Department of Tax and Fee Administration.

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

Fiscal Years 2012 Through 2021 (in thousands)

Fiscal Year	Sales Tax Revenue	Principal *	Interest *	Total	Coverage
2021	$ 140,411	$ 10,320	$ 8,829	$ 19,149	7.33
2020	135,835	10,060	9,298	19,358	7.02
2019	100,729	11,930	9,661	21,591	4.67
2018	87,797	11,765	9,880	21,645	4.06
2017	84,353	11,660	9,988	21,648	3.90
2016	79,705	11,610	10,035	21,645	3.68
2015	80,975	-	9,145	9,145	8.85
2014	77,606	9,655	14,799	24,454	3.17
2013	73,859	9,233	15,220	24,453	3.02
2012	69,370	8,770	15,680	24,450	2.84

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

* The District's oustanding bonds were restructured in 2015 and those amounts are intended to reflect the full annual economic impact, including measurements of restructuring, on the District's financial position. Other years are cash basis measures of the District's debt service. The Long Term Debt note in the Notes To Basic Fianncial Statements in the Financial Section of this Annual Comprehensive Financial Report provides further details.

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

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 base on 0.4% growth from 2020

*Personal Income and Per Capital Personal Income data for 2020 and 2021 is based on an estimated three percent annual increase over 2019. Source data for table is FY20 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.

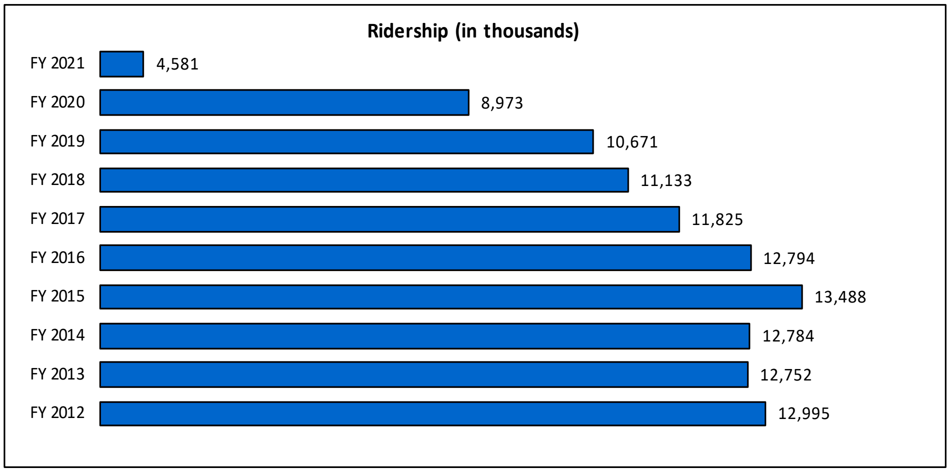
		2019*			2011		
Employers in San Mateo County	Business Type	Number of Employees	Rank	Percent of Total County Employment	Number of Employees	Rank	Percent of Total County Employment
Facebook Inc.	Social Network	15,407	1	3.91%	2,000	10	0.57%
Genentech Inc.	Biotechnology	10,023	2	2.54%	8,600	1	2.43%
Oracle 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.

This table presents the top 10 principal employers in San Mateo County for 2019 and 2011.

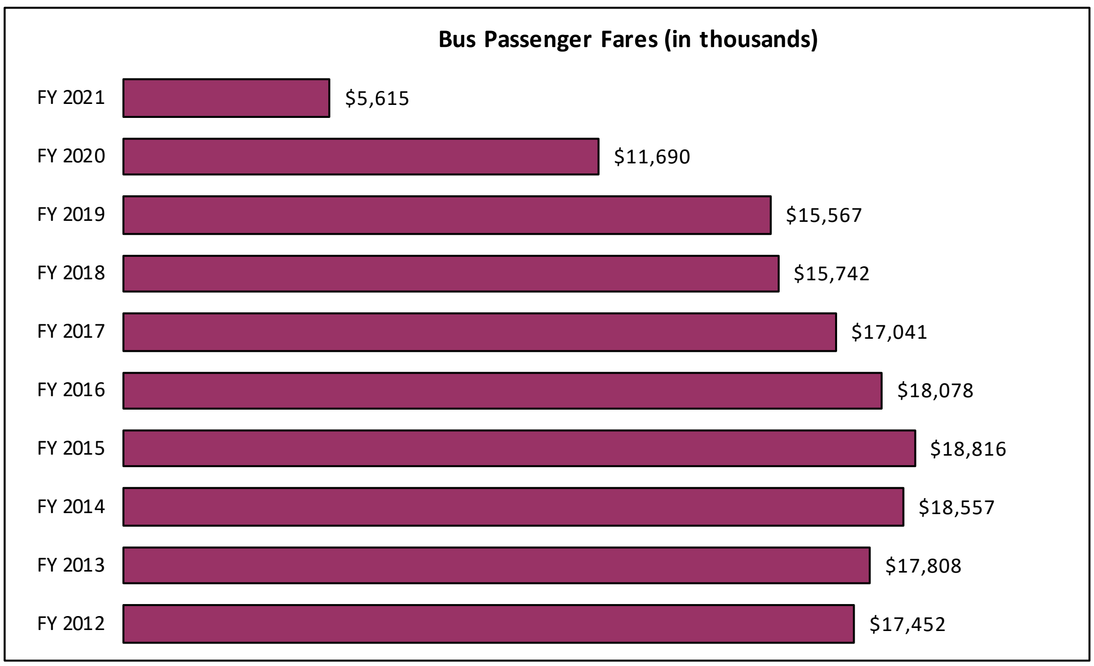
Source: San Francisco Business Times - 2020 Book of Lists; California Employment Development Department (provided by San Mateo County Controller's office) from the FY2020 County of San Mateo Annual Comprehensive Financial Report.

Fixed-Route Ridership



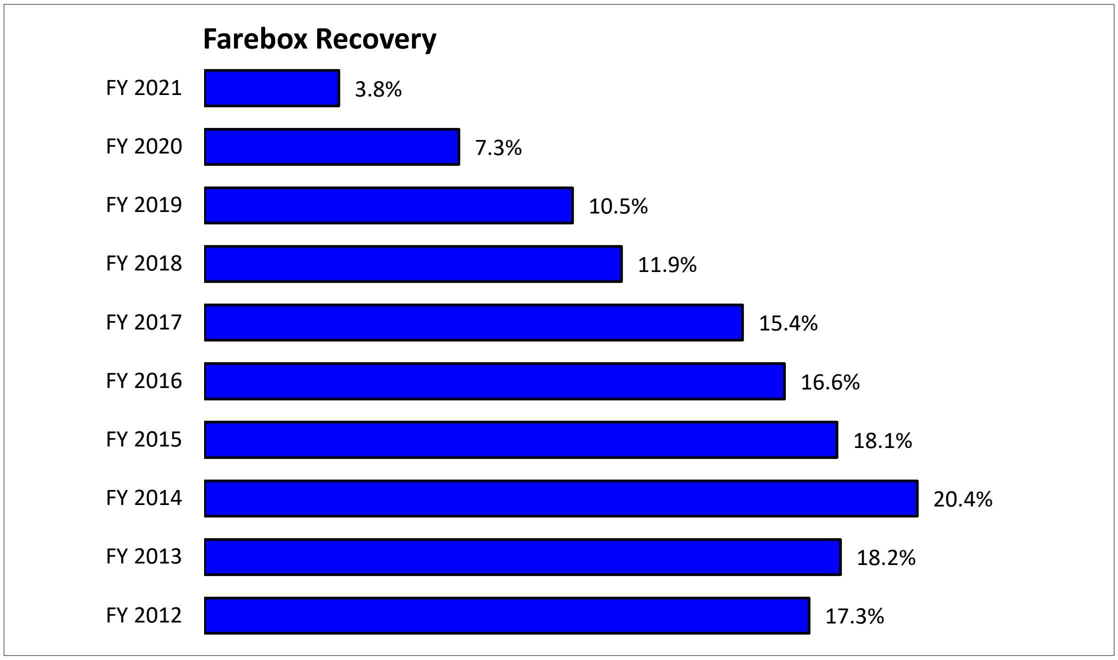
Ridership data presents total ridership for motor bus service and shuttle service.

Fixed-Route Passenger Fares

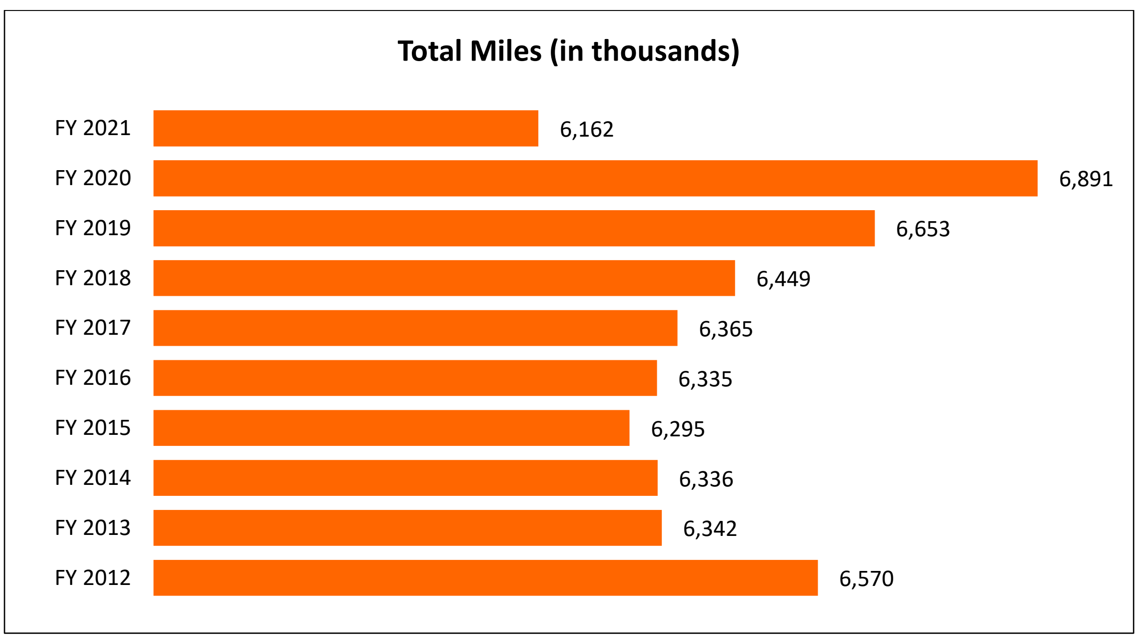


Bus passenger fares data presents the total bus fare revenue for each year.
Source: National Transportation Database.

Fixed-Route Farebox Recovery



Farebox recovery data presents the percentage of fixed-route fare revenue collected compared to fixed-route operating expenses.
Fixed-Route Revenue Miles*



The revenue miles data presents the total fixed-route miles traveled.
*Fixed-route data includes La Honda and shuttle service, which makes up less than 5% of the total data.
Source: National Transportation Database.

	Full-Time Equivalents									
Division	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Caltrain Modernization Program	0.40	-	-	-	0.1	0.05	0.05	0.05	0.48	-
Customer Service and Marketing	28.49	29.15	34.36	31.39	28.46	23.95	25.34	28.22	30.31	29.56
Executive	3.5	3.5	3.59	3.99	5.12	3.60	3.67	3.55	3.58	3.52
Finance and Administration	96.225	95.64	83.07	82.39	79.02	64.12	68.50	66.72	66.53	66.51
Operations, Engineering, and Construction	541.7	506.65	472.90	465.40	471.88	453.82	454.27	457.54	449.27	448.83
Planning and Development	7.26	6.86	6.46	8.71	7.66	5.63	8.20	7.80	5.03	6.64
Public Affairs	-	-	-	-	0	5.15	5.00	5.00	4.60	4.44
Total	677.58	641.80	600.38	591.88	592.24	556.32	565.03	568.88	559.80	559.50

Note: The organization went through a reorganization in FY2010; Caltrain Modernization Program division was added in FY2013 as a replacement for the Peninsula Rail department.

Note: Employee counts are for Full-time Equivalents (FTEs) for the District.

This table presents total Full-time Equivalents by division.

Source: Operating and capital budgets.

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Depreciable Capital Assets										
Buses and bus equipment	$ 222,823	$ 220,442	$ 176,969	$ 164,038	$ 157,353	$ 153,955	$ 167,272	$ 149,751	$ 135,297	$ 138,638
Buildings and building improvements	75,127	72,961	73,303	70,212	69,031	64,868	64,838	64,815	71,935	79,294
Maintenance and other equipment	30,333	29,685	27,546	34,982	33,642	32,063	6,523	5,822	9,470	16,927
Furniture and fixtures	30,023	29,989	33,295	35,240	33,861	31,734	19,656	20,272	23,584	26,686
Shelters and bus stop signs	10,393	10,393	10,372	592	592	592	592	579	3,178	3,190
Other vehicles	3,000	2,518	2,467	2,496	2,273	2,159	2,159	2,226	2,183	2,263
Total depreciable capital assets	371,699	365,988	323,952	307,560	296,752	285,371	261,040	243,465	245,647	266,998
Accumulated Depreciation for										
Buses and bus equipment	(135,452)	(119,797)	(112,603)	(91,889)	(102,607)	(93,847)	(97,574)	(86,157)	(80,138)	(75,080)
Buildings and building improvements	(63,456)	(62,236)	(61,284)	(58,874)	(56,630)	(53,812)	(51,601)	(49,387)	(55,168)	(61,157)
Maintenance and other equipment	(28,409)	(27,487)	(22,406)	(16,810)	(16,770)	(10,599)	(4,715)	(4,015)	(7,740)	(15,035)
Furniture and fixtures	(29,993)	(29,946)	(27,008)	(35,036)	(24,619)	(20,782)	(17,241)	(16,765)	(17,083)	(20,094)
Shelters and bus stop signs	(3,783)	(2,845)	(1,299)	(590)	(585)	(580)	(575)	(558)	(3,177)	(3,183)
Other vehicles	(1,970)	(1,817)	(1,768)	(1,923)	(1,798)	(1,990)	(1,876)	(1,711)	(1,457)	(1,417)
Total accumulated depreciation	(263,063)	(244,128)	(226,368)	(205,122)	(203,009)	(181,610)	(173,582)	(158,593)	(164,763)	(175,966)
Nondepreciable Capital Assets										
Land	56,915	56,915	53,855	53,855	53,855	53,855	53,855	53,855	53,855	53,855
Construction in progress	6,416	5,627	5,187	9,188	23,424	10,234	35,303	21,323	11,563	10,201
Total nondepreciable capital assets	63,331	62,542	59,042	63,043	77,279	64,089	89,158	75,178	65,418	64,056
Capital Assets, Net	**$ 171,967**	**$ 184,402**	**$ 156,626**	**$ 165,481**	**$ 171,022**	**$ 167,850**	**$ 176,616**	**$ 160,050**	**$ 146,302**	**$ 155,088**

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

Source: Current and prior years' Annual Comprehensive Financial Reports