



Financial Statements
Measure W Fund
June 30, 2020

San Mateo County Transit District

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the San Mateo County Transit District's (the District), Measure W Fund, as of and for the year ended June 30, 2020, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure W Fund of San Mateo County Transit District as of June 30, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021, on our consideration of San Mateo County Transit 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 San Mateo County Transit District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Mateo County Transit District's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and address.

Menlo Park, California
June 30, 2021

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

Assets

Current Assets

Deposits and investments	\$ 22,564
Accounts receivable	<u>6,701</u>

Total assets 29,265

Liabilities

Current Liabilities

Accounts payable	<u>117</u>
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Total liabilities 117

Net Position

Restricted for Measure W projects	<u>29,148</u>
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Total net position \$ 29,148

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

Revenues		
Measure W sales tax		\$ 88,345
		<u>88,345</u>
Total revenues		<u>88,345</u>
Expenses		
District		
Transit Operations		15,046
Transportation Authority		
Highway		19,868
Major arterial and local roadway improvements		11,038
Bicycle, pedestrian, and active transportation projects		4,415
Infrastructure and services designed to improve transit connectivity		8,830
		<u>59,197</u>
Total expenses		<u>59,197</u>
Change in net position		29,148
Net position - beginning		<u>\$ -</u>
Net position - ending		<u><u>\$ 29,148</u></u>

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

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from California Department of Tax and Fee Administration	\$	81,644 *
Payments to vendors for goods and services		(58,627)
Payments to employees		(453)
Net cash (used for) operating activities		<u>22,564</u>
Net (increase) in cash and cash equivalents		22,564
Cash and cash equivalents, beginning of year		<u>-</u>
Cash and cash equivalents, end of year	\$	<u><u>22,564</u></u>

RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED)

IN OPERATING ACTIVITIES:

Operating income	\$	29,149
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Accounts receivable		(6,701)
Accounts payable and accrued liabilities		117
Net cash (used in) operating activities	\$	<u><u>22,564</u></u>

* Does not include tax receivables of \$6,701 thousand.

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

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

The financial statements of the Fund do not purport to, and do not, present the financial position of the District as of June 30, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. The activities of the Fund are reported within the District's enterprise fund. The projects funded by Measure W represent a portion of the activities of the District and, as such, are included in the District's financial statements.

Basis of Accounting

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

Use of Estimates

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

Note 2 - Cash and Investments

All of the Measure W programs' cash and investments are deposited in the District's Treasury pool. The pool is unrated. Investments in the pool are made in accordance with the District's investment policy as approved by the governing board. Investments are stated at fair value. The Measure W programs' proportionate share of investments in the District's Treasury pool at June 30, 2020 is \$22.6 million, which is not subject to the fair value hierarchy.

Note 3 - Accounts Receivable

Accounts receivable consist primarily of Measure W Fund from sales tax revenues collected by the State of California on all taxable sales within the County of San Mateo, California through June 30, 2020.

Note 4 - Measure W Allocations and Expenses

The following table shows the total Measure W allocations and amount reported as expended by the District and the San Mateo County Transportation Authority (Transportation Authority) from inception to June 30, 2020.

(In thousands)

	Inception to date as of June 30, 2020		
	Measure W Allocations	Measure W Expenses	Unexpended Amounts
District			
Transit operation	\$ 44,194	\$ 15,046	\$ 29,148
Transportation Authority			
Highway projects	19,868	7	19,861
Major arterial and local roadway improvements	11,038	8,830	2,208
Bicycle, pedestrian, and active transportation projects	4,415	-	4,415
Infrastructure and services for transit connectivity	8,830	7	8,823
Total	\$ 88,345	\$ 23,890	\$ 64,455

Note 5 - Current Year Measure W Projects

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

<u>District's Measure W Projects</u>	<u>Amount (In thousands)</u>
Transit Operation	
School Bus Services	\$ 9,242
South Base Pico Blvd Property	3,060
FY20 Comprehensive Operation Analysis	534
Business Intelligence Solution	517
FY2020 ADA Subsidy	416
Route 280 Expansion	276
Marketing-Transit Promotion & Reimagine Outreach	210
Route 122 Expansion	202
FY20 Shuttle Study	94
SB Gas Line Replacement	75
ZEB Program Management	70
60' Aerial Lift Apparatus	66
Energy Procurement Plan	59
Upgrade District Website	50
Zero Emission Bus Plan	28
Smart Traveler Plus /STP upgrade	26
US 101 Mobility Action Plan	26
UC Davis ITS Study	25
Bike Rack	21
SamTrans Visioning	12
MobileView (WiFi) Enhancement	12
Belle-Aire Island Erosion Study	11
Climate Adaptation Planning	7
Pacifica Microtransit Pilot	4
ADA Scheduling Software	2
Promoting Senior Mobility	1
Total Transit Operation	\$ 15,046

Note 5 - Current Year Measure W Projects, Continued

Transportation Authority's Measure W Projects	Amount expended (In thousands)
Highway Projects	
FP&A Services-W-Highway	\$ 7
Major Arterial and Local Roadway Improvements	
Local Investment Share	8,830
Bicycle, Pedestrian, and Active Transportation Projects	-
Infrastructure and Services for Transit Connectivity	
FP&A Services-W-RTC	7
Total	\$ 8,844



Independent Auditor's Report
June 30, 2020

San Mateo County Transit District



**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the San Mateo County Transit District (the District) Measure W Fund as of and for the year ended June 30, 2020, and the related notes of the financial statements, and have issued our report thereon dated June 30, 2021.

Emphasis of Matter

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

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fund's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's Measure W Fund financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Mateo County Transit District's Measure W Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements including compliance with the requirements of Measure W ballot language, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Menlo Park, California
June 30, 2021