San Mateo County Transit District
San Carlos, California

Annual Comprehensive Financial Report

Fiscal Years Ended June 30, 2023 and 2022

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San Mateo County
TRANSIT DISTRICT

San Carlos, California

Annual Comprehensive Financial Report

Fiscal Years Ended June 30, 2023 and 2022

Prepared by the Finance Division

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Demographics and Economic Information

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Introductory

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December 22, 2023

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, 2023

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the San Mateo County Transit District (District) for the Fiscal Year ended June 30, 2023. 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 the 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 paratransit and shuttle services, 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, the District 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 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, San Mateo County Transit District and Santa Clara Valley Transportation Authority. The Southern Pacific right of way from San Francisco to San Jose was purchased using California grant funding and the District covered the local share of the purchase price (about $82 million) on behalf of the three member agencies. The District was then selected as the Managing Agency for the locally controlled and operated 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 District's current organizational structure reflects changes made through a 2022 Memorandum of Understanding (MOU) on Caltrain governance between the JPB and its three member agencies, including the District. As a result of that MOU, the District remains the Managing Agency for the JPB, and all the employees remain District employees. However, a new Caltrain Executive Director (ED) position was created that reports directly to the JPB's Board of Directors (rather than the District's Board of Directors or General Manager/CEO). Additionally, the Rail Division, and some new positions that were created in pursuant to the MOU, including a Chief of Staff and other directors, report to the Caltrain Executive Director. Those positions are shown in the Caltrain organization structure.

The *Bus Division* is responsible for SamTrans fixed-route bus service, paratransit services, microtransit services, shuttle service contracts, contracted urban bus services (CUB), quality assurance, vehicle and facilities maintenance, intelligent transportation systems (ITS), and bus stops, all in full accord with the requirements of the Americans with Disabilities Act (ADA).

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

The *Executive Office* is responsible for directing and overseeing all activities and for providing support to the Board of Directors. This office also includes the Safety and Security function.

The *Finance Division* is responsible for financial accounting and reporting, capital and operational budgeting, payroll and vendor disbursements, investments and cash management, debt management, revenue control, purchasing, contract administration, grant administration, financial planning and analysis, and risk management.

The *Information Technology (IT) Division* is responsible for IT infrastructure and cybersecurity, as well as all IT applications and operations.

The *People and Culture Division* is responsible for all human resource functions and employee and labor relations. The Civil Rights office is also part of this division.

The *Planning and Development Division* is responsible for the operations and strategic planning functions of the SamTrans system, as well as for the District's sustainability efforts. In addition, the division also oversees real estate transactions and property management.

The *Transportation Authority Division* is responsible for operations of the San Mateo County Transportation Authority (the "TA"), which is governed by its own independent Board of Directors, and for implementation and oversight of voter-approved Transportation Expenditure Plans adopted as Measure A in 1988 and renewed in 2004, as well as a portion of the Congestion Relief Plan adopted as part of the District's Measure W in 2018.

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 Peninsula Corridor Joint Powers Board (JPB), which operates Caltrain; the San Mateo County Transportation Authority (TA), 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 2034, 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 (SMCEL-JPA). These agencies have their own separate corporate identities 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

In FY2023, after over four decades of annual budgets, the District moved to its first biennial budget cycle. The biennial budget cycle began with adoption of operating and capital budgets for FY2024 and FY2025. Instituting a biennial budget allows the District to focus on increasing access and mobility, reducing congestion, and promoting economic vitality in San Mateo County. Staff presented the first biennial budget to the Board of Directors in spring 2023, based on established agency goals, objectives, and performance measures. 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 budgets.

FINANCIAL AND ECONOMIC OUTLOOK

Local Economy

The Bay Area continues to rebound from the pandemic, but high inflation and massive tech layoffs clouded the Bay Area economy with uncertainty in FY2023. The second half of calendar year 2022 reflected the highest inflation levels since the early 1980s, which led to concerns of slower economic growth and a possible recession. To combat high and persistent inflation, the Federal Reserve has been taking aggressive interest rate hikes since March 2022. As a result, inflation dipped in June 2023 to its lowest pace in more than 2 years, indicating price increases are cooling amid the Federal Reserve's rate-hiking regime. On employment, despite the massive tech industry layoffs in late 2022 and early 2023, the Bay Area job market powered through with robust job gains in spring 2023, partly thanks to the ascendance of artificial intelligence, and strong job growth in the education, health services, and construction sectors, further underscoring the diversity of the region's economy and its ability to withstand industry-specific turbulence. For the remainder of 2023 and into 2024, the pace of inflation on housing, consumer goods/services and job markets growth remain key factors and can present continued challenges to the Bay Area economy.

According to the State of California Employment Development Department (EDD), the unemployment rate in the San Francisco-Redwood City-South San Francisco Metropolitan Area was 3.2 percent in June 2023, up from a revised 2.9 percent in May 2023, and above the year-ago estimate of 2.5 percent. This compares with an unadjusted unemployment rate of 4.9 percent for California and 3.8 percent for the nation during the same period.

The unemployment rate was 3.2 percent in San Francisco County, and 3.1 percent in San Mateo County. Per the EDD, between May 2022 and May 2023, the total number of jobs in the counties of San Francisco and San Mateo increased by 30,600 jobs or 2.6 percent. Between 2022 and 2027, job growth in San Mateo County is expected to average 1% per year.

According to the 2022 San Mateo County Economic Forecast, the San Mateo County population is expected to steadily decline over the 2022 and 2027 period, mainly due to the high home prices in California; residents in the region have demonstrated a history of relocating to alternative areas with more affordable conditions. The housing market in San Mateo County has been declining since the peak of inflation in 2022. In June 2023, San Mateo County home prices were down 4.1% compared to last year, selling for a median home price of $1.4 million. Overall, the housing market in San Mateo County is expected to remain strong but the pace of growth is expected to slow due to the high home prices.

San Francisco and the San Mateo County's technology sector has weathered waves of industry layoffs beginning in late 2022, but has recovered 38% of job losses since May after months of painful job cuts, partly thanks to developments in artificial intelligence which is expected to account for much of the job growth in the technology sector.

The median household income of San Mateo County in 2022 was $141,426, a 12% increase from 2019, partially driven by the high inflation in 2021 and 2022, placing San Mateo County among the most affluent regions of California. The professional and business services sector in San Mateo County remains strong despite tech layoffs in late 2022 and early 2023, as most workers are quickly re-hired at other companies, increasing the unemployment rate only slightly over last year.

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, microtransit, shuttles, and commuter rail, each playing an integral role in meeting the transportation needs of San Mateo County.

The District continually looks at ways in which to responsibly administer the debt it has assumed, which includes a 2015 bond issuance in the amount of $211 million, which enabled the District to make payments to conclude the agreement for funding the extension of BART south to San Francisco International Airport (SFO), by refunding multiple prior issuances and restructuring them at lower rates.

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. Measure W should materially improve the District's financial condition for years to come.

In compliance with requirements set forth by the Metropolitan Transportation Commission (MTC), the District recently updated its five-year Short Range Transit Plan (SRTP) for fiscal years 2023–2028. The 2023-2028 SRTP Update included a scenario-planning exercise to develop service plans in alignment with three financial and ridership recovery scenarios. The most recent SRTP built on the District's recently completed Comprehensive Operational Analysis, "Reimagine SamTrans," which included adoption of a new fixed-route bus network and associated service plan to be operationalized over the next several years. The first two phases of implementation for "Reimagine SamTrans" took place in August 2022 and June 2023, with timing of future phases to be determined. The District's SRTP can be viewed online at https://www.samtrans.com/projects/samtrans_short_range_transit_plan.

The District launched a 10-year Strategic Plan project in May 2023 to cover the years 2025-2035. This project will establish updated agency-wide goals, values and priority initiatives for the 10-year period, a Measure W Budget Framework to guide specific investments made with Measure W funds as well as an updated Capital Improvement Program (CIP) developed based on the strategic plan's goals, values and priorities within a financially constrained scenario. The 2025-2035 Strategic Plan, including budget framework and CIP, will be complete by December 2024.

Major Initiatives

The District plans to continue providing coordinated transit services including bus, paratransit, microtransit, shuttle services and supporting rail services. The 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.

The District has committed significant resources to supporting regional transportation options. These include sustainable transportation and interconnectivity 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 demand for paratransit services.

The District has started to invest in zero-emission bus technology to advance California's climate change and energy policy goals. In late FY2022, the District purchased 37 battery electric buses (BEB's) and 10 fuel cell electric buses (FCEBs). Per the California Air Resource Board's (CARB) Innovative Clean Transit (ICT) regulation, The District submitted the SamTrans ICT Plan in May 2021. The plan, which was approved by CARB, reflects the District's commitment to accelerate compliance with the State's regulation by replacing its entire fleet with zero-emission technology and providing zero emission transportation in advance of the State's 2040 deadline. This plan may evolve as the District continues to investigate new technologies for the delivery of a zero-emission bus system.

As mentioned above, the District completed its comprehensive operational analysis titled "Reimagine SamTrans" in March 2022 and has since implemented two phases of fixed route bus service changes consistent with the plan's recommendations, as well as launched a microtransit service called "SamTrans Ride Plus" in two areas of San Mateo County. "Reimagine SamTrans" called for increased frequency and off-peak services, new limited stop routes, consolidated routes, and the new microtransit service.
More information on "Reimagine SamTrans" can be found at
https://www.samtrans.com/planning/reimaginesamtrans.

The District also launched planning efforts with the goals of improving bus service reliability on El Camino Real through the El Camino Real Bus Speed & Reliability Study (adopted December 2022) and improving the bus stop amenities and customer experience through the Bus Stop Improvement Plan. Both plans will result in future capital projects to implement recommendations.

The District has also begun work to repair, modify, and/or replace its major facilities. The following work is underway:

1. North Base Bus Transportation Building 200: Field investigations and independent evaluations completed in 2010 and 2019 for North Base's Building 200 and the surrounding area have determined that extensive settlement has occurred and will likely continue. The resulting building assessment recommends the removal and replacement of the existing structure to ensure the safety, functionality, sustainability, durability, and cost-effectiveness for SamTrans bus operations, employees, and visitors. During the next two years, the District will complete engineering design studies and conduct the procurement process to provide temporary accommodation for building occupants, demolish Building 200, and begin construction of a new building.

2. North Base and South Base: A project is underway to assess the North Base and South Base structures and facilities to develop recommendations to repair, modify and/or replace the buildings. The project will also fund work by an architectural and engineering firm to conduct a systematic field survey of both the facilities, establish reliable baseline civil data, and develop computer-aided design and drafting (CADD) files to allow effective planning and execution of construction projection. Additionally, the District's Adaptation and Resilience Plan identifies the District's vulnerability to sea level rise, floods and heat-related climate change impacts and provides potential action alternatives to improve resilience, a particular concern for the North Base and South Base operations and maintenance facilities, which are located near the San Francisco Bay. In the next two years the District will develop conceptual design plans and obtain the required environmental clearances for the associated project(s).

3. District Headquarters Building (San Carlos): The District headquarters building was constructed in the mid-1970s to serve as the headquarters of Eureka Federal Savings and Loan. The District purchased the facility in May 1990. Since the early 2000s, the District has been addressing the efficiency and functionality of the headquarters building. In 2019 the Board began to seriously evaluate options for the potential rehabilitation or reconstruction of the building on its current site. More recently, based on current real estate market dynamics, a third option, to acquire an office building in San Mateo County, has become more feasible. In August 2023 the Board directed staff to pursue acquisition of a new headquarters building in the County, subject to certain parameters, and to report to the Board in January 2024 if a suitable building has not been found.

4. Technology: The District is also embarking on significant updates to its technology system, including measures to improve its cybersecurity program. In the next two years the District will undertake a detailed analysis of the needs and functionality of its legacy network and applications to develop and prioritize solutions.

5. Pension Liability Management: On May 3, 2023, the Board of Directors established a California Employers' Pension Prefunding Trust (CEPPT) Account for the District with the California Public Employees' Retirement System (CalPERS) and directed the staff to open and fund the trust account over FY 2023 and FY 2024 with a $21 million pension prepayment reserve fund contribution that was included in the District's 2023 Operating Budget. In September 2023, the District began contributing just under $1.0 million bi-weekly into the CEPPT and will continue doing so until the entire $21 million reserve has been invested in the Account.

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 SFO. Each bus has a bicycle rack, allowing for multimodal use. Starting in 2019, new buses have on board Wi-Fi and USB charging stations. SamTrans provides transportation services from early morning until just past midnight. Fixed-route bus ridership peaked in San Mateo County at 20.9 million in 1982, but later declined to 12.4 million in 2013. The implementation of the SamTrans Service Plan, adopted in May that same year, resulted in an initial increase in ridership, which grew 3.0 percent in FY2014 and another 2.9 percent in FY2015. However, ridership declined again by 2.8 percent in FY2016, and the drop persisted through FY2019. SamTrans 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 FY2020, average weekday ridership was about 36,775, compared to 35,100 in FY2019. The COVID-19 pandemic had significant ridership implications; social distancing and shelter in place health orders restricted rides to essential personnel. To encourage the return of ridership, SamTrans initiated improved cleaning protocols, limited the number of passengers on board buses, reduced service levels, installed bus operator barriers, and issued masks to riders. Over the past three years, SamTrans ridership has continued to recover with just under 8.5 million trips in FY2023 compared to 4.5 million trips in FY2021.

The District was in the midst of the “Reimagine SamTrans” comprehensive operational analysis when COVID-19 hit. The study was paused so the agency could pivot to do work on scenario planning and near-term service planning. The project was restarted and completed and as described above, the final study; charts a path forward for service recovery and ridership growth in FY2023 and beyond. By the end of FY2023, Bus ridership has recovered to 79.9% of FY2019 (pre-COVID-19) levels.

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 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 SamTrans buses for free. For persons with disabilities who cannot use fixed-route buses, Redi-Wheels and RediCoast are the only means of transportation available. In FY2020, the SamTrans paratransit program provided 256,738 passenger trips. The COVID-19 pandemic had significant ridership implications for the paratransit riders, social distancing and shelter in place health orders restricted riders. The ridership since FY2020 has been lower because of the COVID-19 pandemic. Similar to on fixed-route service, we are also seeing continued ridership recovery with 202,425 trips in FY2023 (59.7% of pre-COVID-19 levels) as we continue to move on from the COVID-19 pandemic.

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. In the near term, Caltrain will focus on implementing the Peninsula Corridor Electrification Project which includes the installation of electric infrastructure and the procurement of new, high-performance electric trains. The new electrified Caltrain service will substantially increase the ridership capacity of the system.

As referenced above, in August 2022, a Memorandum of Understanding was signed between the JPB Board of Directors, Santa Clara Valley Transportation Authority (VTA), the District, and the City and County of San Francisco (CCSF). The MOU affirmed that the District would remain the Managing Agency for Caltrain, with some modifications laid out in the MOU. It also outlined the repayment of the outstanding balance of funds owed to the District by Metropolitan Transportation Commission (MTC), CCSF and VTA for funds put forth by the District to purchase and preserve the Peninsula rail corridor in 1991. Furthermore, the parties to the MOU agreed to establish a new Caltrain Executive Director position that will report to the JPB Board of Directors, and to have certain functions within the Rail Division report directly to the Caltrain Executive Director. Those functions include Rail Operations and Maintenance, Rail Planning, Rail Contracts and Budgets, Rail Development, and the Peninsula Corridor Electrification Project (PCEP). Five new positions were also created by the MOU to report to the Caltrain ED: Chief of Staff, Director of Government and Community Affairs, Director of Budgets and Financial Analysis, Director of Real Estate, and Director of Grants and Fund Management.

District staff produce a separate ACFR for the JPB, which can be viewed online:
https://www.caltrain.com/about-caltrain/statistics-reports/annual-comprehensive-financial-reports

San Mateo County Transportation Authority (TA)

The District provides staff and administrative support for the TA, 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 2034. The TA programs and allocates sales tax revenues to designated project sponsors that are responsible for delivering a broad spectrum of transportation projects and programs pursuant to a Transportation Expenditure Plan (TEP). The TEP includes these six program categories: Transit, Highways, Local Streets/Transportation, Grade Separations, Pedestrian and Bicycle, and Alternative Congestion Relief Programs. The TA is a co-sponsor of the San Mateo County 101 Express Lane Project and a member of the San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA) formed to own, manage, operate, and maintain Express Lanes along the 101 Highway corridor in San Mateo. The District and its JPA partner, the City/County Association of Governments of San Mateo County, both provide staff and administrative support for the SMCEL-JPA.

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 TA to administer the remaining 50 percent of Measure W sales tax proceeds in the following five categories:

1. Countywide Highway Congestion Improvements
2. Local Safety, Pothole and Congestion Relief Improvements
3. Grade Separations
4. Bicycle and Pedestrian Improvements
5. Regional Transit Connections

In total, the TA programs and appropriates funds for a combined ¾-cent sales tax, including ½-cent from the sales tax measure reauthorized in 2004, and ¼-cent from the Measure W sales tax enacted in 2018.

District staff produce a separate ACFR for the Transportation Authority, which can be viewed online: https://www.smcta.com/resources/finance/annual-comprehensive-financial-reports

ACKNOWLEDGMENTS AND AWARDS

The District staff with the occasional support of consulting 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 2022 Annual Comprehensive 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 2023 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,

April Chan
General Manager/CEO

Kate Jordan Steiner
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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

GENERAL MANAGER/CEO

April Chan

DEPUTY GENERAL MANAGER/CEO

David Santoro

EXECUTIVE OFFICERS

Casey Fromson - Chief Communications Officer

Nate Kramer - Chief People & Culture Officer

Mehul Kumar - Chief Information & Technology Officer

Josh Mello - Executive Officer, Planning & Development

David Olmeda - Chief Operating Officer, Bus

Dora Seamans - Executive Officer, District Secretary

Peter Skinner - Executive Officer, Transportation Authority

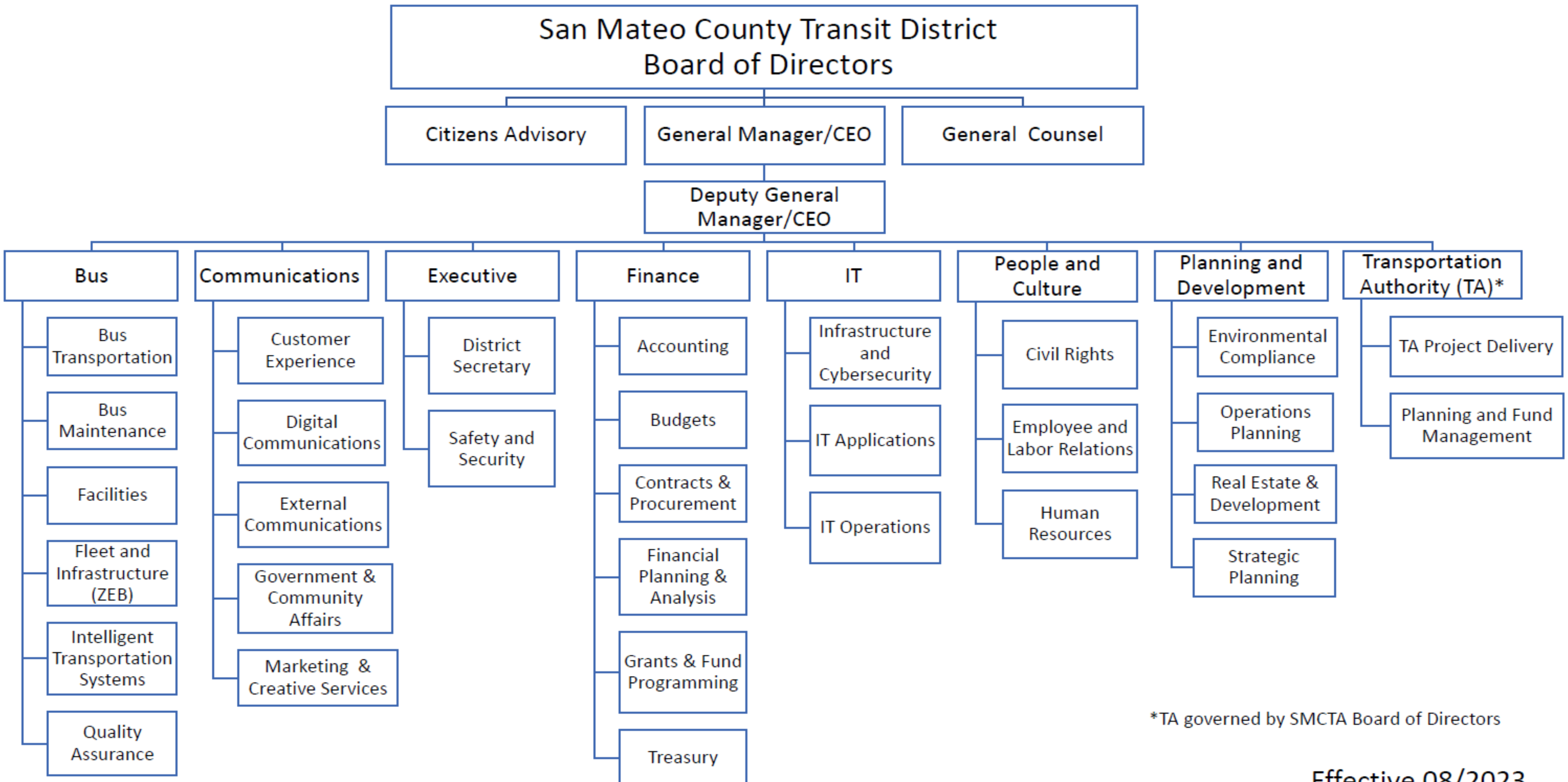
Kate Jordan Steiner - Chief Financial Officer

GENERAL COUNSEL

Hanson Bridgett LLP

Joan Cassman, Esq.

San Mateo County Transit District
Organization Chart
June 30, 2023



*TA governed by SMCTA Board of Directors

Effective 08/2023

SAN MATEO COUNTY, CALIFORNIA


samTrans
Detailed Service Area
San Francisco
Daly City
West Base Training Facility
Colma Park and Ride
Colma
Brisbane
South
San Francisco
North Base Operating
& Maintenance Facility
San Bruno
SFO
International Airport
Pacifica
Millbrae
Burlingame
Hillsborough
San Mateo
Half Moon Bay
Belmont
South Base Operating
& Maintenance Facility
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 2023 Annual Comprehensive Financial Report:

Finance

Chief Financial Officer	Kate Jordan Steiner
Director, Accounting	Annie To
Budget Manager	Jeannie Chen
Director, Treasury	Connie Mobley-Ritter, MBA, CTP

Audit Firm

Partner	Ahmad Gharaibeh, CPA
Senior Manager	Joe Escobar, CPA, CGFM

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 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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Independent Auditor's Report

To the Board of Directors of the
San Mateo County Transit District
San Carlos, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the San Mateo County Transit District (District) as of and for the years ended June 30, 2023 and June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2023 and June 30, 2022, and the respective 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.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Notes 15 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 96, *Subscription Based Information Technology Arrangements*, for the years ended June 30, 2023, and June 30, 2022. Accordingly, a restatement has been made as of July 1, 2021. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District’s basic financial statements. The budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023 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
December 22, 2023

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Management's Discussion and Analysis
June 30, 2023

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 Years ended June 30, 2023 and June 30, 2022, 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

- On June 30, 2023, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by $456.7 million *(net position).* Of this amount, a surplus net position of $278.3 million represents the unrestricted net position. On June 30, 2022, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by $351.3 million. Of this amount, a surplus net position of $165.4 million represents the unrestricted net position.

- The District's total net position increased by $105.4 million in Fiscal Year 2023 and increased by $98.8 million in Fiscal Year 2022. The increase in Fiscal Year 2023 was mainly due to the operating assistance (including transaction and use tax) exceeding the operating expenses by $80.4 million and increases of $19.9 million in investment income. The increase in Fiscal Year 2022 was due to the operating assistance (including transaction and use tax) exceeding the operating expenses by $98.2 million.

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 2023, total assets and deferred outflows were $892.7 million, an increase of $143.5 million or 19.2% compared to June 30, 2022. In Fiscal Year 2022, total assets and deferred outflows were $749.2 million, an increase of $54.2 million or 7.8% compared to June 30, 2021. Total current assets increased by $136.2 million or 43.0% to $453.1 million on June 30, 2023, from $316.9 million on June 30, 2022, and increased by $49.3 million or 18.4% at June 30, 2022 compared to June 30, 2021. Capital assets net of accumulated depreciation decreased by $7.5 million or 4.7% to $153.6 million on June 30, 2023, compared to 2022 and decreased by $10.9 million or 6.3% in 2022 compared to 2021. 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)

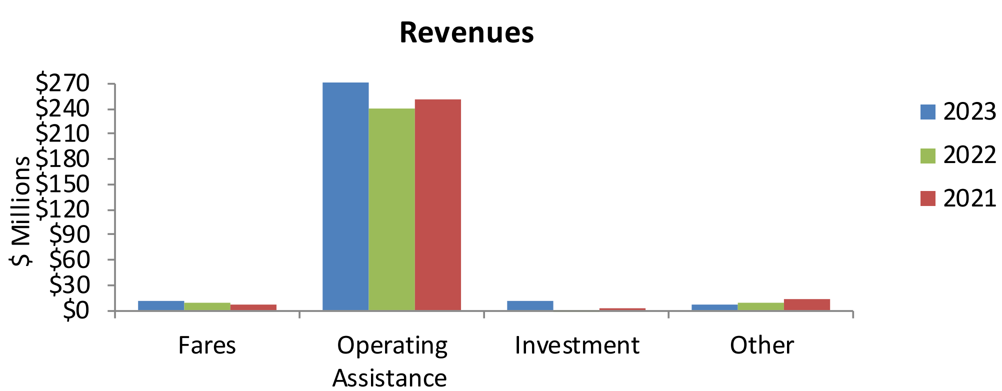
	2023	2022	2021
Assets			
Current assets	$ 453,143	$ 316,921	$ 267,663
Capital assets, net of depreciation and amortization	153,562	161,066	171,978
Other noncurrent assets	229,373	244,236	228,286
Total Assets	836,078	722,223	667,927
Deferred Outflows of Resources	56,584	26,950	27,030
Liabilities			
Current liabilities	66,264	49,510	58,234
Long-term debt	159,621	173,582	187,256
Other noncurrent liabilities	125,930	56,993	120,071
Total Liabilities	351,815	280,085	365,561
Deferred Inflows of Resources	84,181	117,791	76,859
Net Position			
Net investment in capital assets	151,793	159,345	171,967
Restricted	26,601	26,599	26,600
Unrestricted	278,272	165,353	53,970
Total Net Position	**$ 456,666**	**$ 351,297**	**$ 252,537**

In Fiscal Year 2023, total liabilities and deferred inflows of resources were $436.0 million, an increase of $38.1 million or 9.6% compared to Fiscal Year 2022. In Fiscal Year 2022, total liabilities and deferred inflows of resources were $397.9 million, a decrease of $44.5 million or 10.1% compared to 2021. The increase for 2023 was mostly due to increases of $3.1 million in self-insurance liabilities, $9.2 million in Unearned revenue, $2.9 million in Net Other Post-Employment Benefits (OPEB) liability, and $22.1 million in Net pension Liability, partially offset by increases in Deferred inflows related to Other Post-Employment Benefits, Deferred inflows related to pension. The decrease for 2022 was mostly due to decreases of $4.2 million in self-insurance liabilities, $5.8 million in Unearned revenue, $13.6 million in Long-term debt, less current portion, $9.7 million in Net Other Post-Employment Benefits (OPEB) liability, and $6.7 million in Net pension Liability, partially offset by increases in Deferred inflows related to Other Post-Employment Benefits, Deferred inflows related to pension.

- On June 30, 2023, net position was $456.7 million, an increase of $105.4 million or 30.0% compared to $351.3 million on June 30, 2022. On June 30, 2022, net position was $98.8 million or 39.1% higher than June 30, 2021. The net investment in capital assets was $151.7 million on June 30, 2023. Total restricted net position on June 30, 2023 was $26.6 million. The remaining $278.3 million of total net position on June 30, 2023, was unrestricted net position. The District reported a positive unrestricted net position, mainly due to the operating assistance (including transaction and use tax) exceeding the operating expenses by $80.4 million and increases of $19.9 million in investment income.

Revenue Highlights

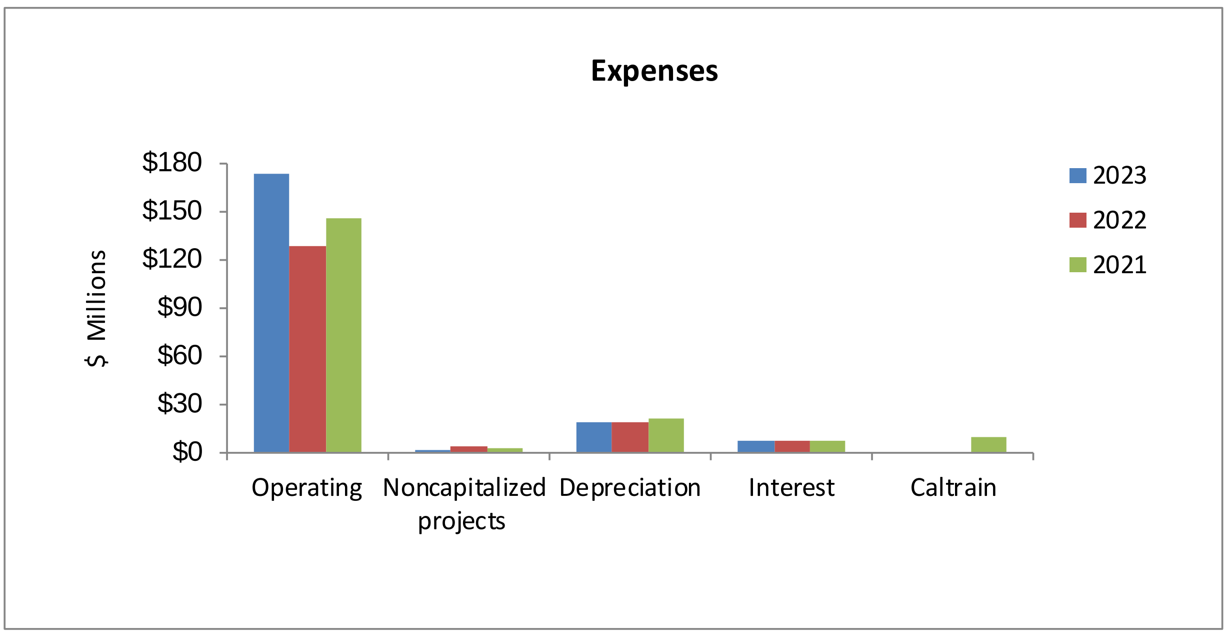
Operating revenues generated from passenger fares of $11.2 million increased by $2.3 million or 26.0% during Fiscal Year 2023 compared to Fiscal Year 2022 and increased by $3.3 million or 58.7% in Fiscal Year 2022 compared to Fiscal Year 2021. The increase for Fiscal Year 2023 was a result of a continued increase in ridership and the increase for Fiscal Year 2022 was a result of recovering ridership from the impact of COVID-19 pandemic.



In Fiscal Year 2023, nonoperating revenues increased by $49.3 million or 20.4% to $290.5 million. The increase was mainly due to increase in operating assistance and investment income. Operating assistance of $272.5 million accounted for the majority of Fiscal Year 2023 nonoperating revenues. This amount consisted of 62.3% from transaction and use tax, 20.6% from local transportation funds, and 17.1% from others. The largest portion of this increase is attributable to transaction and use tax, local transportation funds, and state transit assistance. In Fiscal Year 2022, nonoperating revenues decreased by $22.8 million or 8.6% to $241.2 million. The decreased was mainly due to decrease in operating assistance, other income, and investment income. Operating assistance of $241.6 million accounted for the majority of Fiscal Year 2022 nonoperating revenues. This amount consisted of 70.0% from transaction and use tax, 15.1% from local transportation funds, and 15.0% from others. While the transaction and use tax increased by $28.6 million, the Federal assistances related to the COVID-19 pandemic reduced by $42.5 million.

Expense Highlights

In Fiscal Year 2023, total operating expenses (excluding depreciation) were $173.7 million, an increase of $49.0 million or 39.3% compared to Fiscal Year 2022. The increase was due to an increase in salaries and benefits, contract operations and maintenance services, materials and supplies, and provisions for claims and claims adjustment. The increase in salaries and benefits were mainly due to an increase in fringe benefits and year-end GASB 68 pension adjustment. In Fiscal Year 2022, total operating expenses (excluding depreciation) were $124.7 million, a decrease of $18.9 million or 13.2% compared to Fiscal Year 2021. The decrease was due to a decrease in salaries and benefits. The decreases in salaries and benefits were mainly due to year-end GASB 68 pension adjustment of $11.3 million and GASB 75 other post-employee benefits adjustment of $5.9 million. Depreciation and amortization expenses were $18.4 million and $18.7 million for Fiscal Year 2023 and Fiscal Year 2022 respectively, a $0.3 million or 1.7% decrease in Fiscal Year 2023 compared to Fiscal Year 2022 and $1.8 million or 8.6% decrease in Fiscal Year 2022 compared to Fiscal Year 2021.



- In Fiscal Year 2023, nonoperating expenses were $8.3 million, a decrease of $2.9 million or 26.1% compared to Fiscal Year 2022. The decrease was due to a decrease in noncapitalized projects. In Fiscal Year 2022, nonoperating expenses were $11.2 million, a decrease of $7.7 million or 40.6% compared to Fiscal Year 2021. As of Fiscal Year 2022, the District and other Caltrain member agencies were not required to make operating contributions toward the Caltrain rail service operation. In Fiscal Year 2021, the District paid the JPB $8.9 million for its contribution toward the Caltrain rail service operation through the funding from the Transportation Authority. 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)

	2023	2022	2021
Operating revenues-passenger fares	$ 11,226	$ 8,913	$ 5,615
Operating expenses-transit services	173,746	124,707	143,636
Operating loss before depreciation and amortization	(162,520)	(115,794)	(138,021)
Depreciation and amortization	(18,394)	(18,711)	(20,491)
Operating loss	(180,914)	(134,505)	(158,512)
Nonoperating revenues			
Operating assistance	272,494	241,629	250,472
Investment income	11,671	(8,188)	288
Other income, net	6,321	7,755	13,214
Total Nonoperating revenues	290,486	241,196	263,974
Nonoperating expenses			
Interest expense	(6,644)	(7,045)	(7,270)
Expense for noncapitalized projects	(1,635)	(4,155)	(2,706)
Caltrain service subsidy	-	-	(8,877)
Total Nonoperating expenses	(8,279)	(11,200)	(18,853)
Net gain before capital contributions	101,293	95,491	86,609
Capital contributions	4,076	3,124	6,094
Change in net position	105,369	98,615	92,703
Net position - beginning of year, as restated	351,297	252,537	159,470
GASB87 & 96 restatements	-	145	364
Net position - beginning of year, as restated	351,297	252,682	159,834
Net Position - end of year	**$ 456,666**	**$ 351,297**	**$ 252,537**

Capital Program

The District received capital contributions of $4.1 million in Fiscal Year 2023 and $3.1 million in Fiscal Year 2022, which was an increase of $1.0 million or 30.5% in Fiscal Year 2023 compared to Fiscal Year 2022 and a decrease of $3.0 million or 48.7% in Fiscal Year 2022 compared to Fiscal Year 2021.

The following is a summary of the District's major capital expenditures for Fiscal Year 2023.

- Purchase of revenue vehicles ($4.5 million).
- Maintenance and administrative facilities and equipment ($3.0 million).
- Communication information system ($0.6 million).
- Replacement of bus parts in accordance with FTA guidelines ($1.8 million).
- Capital project development, and others ($1.8 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

On June 30, 2023, the District had $171.4 million in limited tax bonds outstanding, a decrease of $13.4 million or 7.3%, compared to $184.9 million in limited tax bonds outstanding on June 30, 2022. 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 #8 - 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 2024 Operating and Capital Budget on June 1st, 2023. 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 2024 Operating Budget consists of $337.3 million and $264.5 million in revenues and expenditures, respectively. Passenger fares for both Motor Bus and ADA services are projected to be $11.5 million. Local, State, and Federal funds are projected to decrease to $77.8 million due to ARPA Funds. The District's half-cent sales tax receipts are projected to be $116.3 million. Measure W sales tax receipts are projected to be $58.1 million. Out of the $264.5 million projected operating costs, $182.0 million are budgeted for the Motor Bus program, $20.7 million for the A.D.A. program, and $6.5 million for the Multi-Modal program.

The $188.0 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 2023 includes replacing 2009 Gillig 40' heavy duty diesel buses ($139.7 million), continuing the design work and starting construction procurement process for the South Base Transportation Building replacement ($2.7 million), Designing and constructing six or more restroom facilities at priority layover or end of line locations ($2.9 million), completing final design and award pre-construction services contract to a selected Construction Manager General Contractor and procure long lead battery electric bus (BEB) infrastructure equipment at South Base ($9.1 million), developing the solicitation requirements for a permanent hydrogen fueling station at North Base ($19.9 million), redesigning of the enterprise network to increase security and reliability ($1.2 million), replacing Peoplesoft Enterprise Performance Management (EPM) system ($1.8 million), and implementing the capital improvement plan recommendations of the El Camino Real Bus Speed & Reliability Study ($2.2 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, attention: Chief Financial Officer, 1250 San Carlos Ave., P.O. Box 3006, San Carlos, California 94070-1306.

June 30, 2023 and June 30, 2022 (in thousands)

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents (Note 1E)	$ 301,517	$ 183,127
Restricted cash (Note 1G)	17,347	10,196
Subtotal, cash and cash equivalents (Note 2)	318,864	193,323
Investments (Notes 1F & 2)	58,629	51,889
Restricted investments (Notes 1G & 2)	6,346	6,937
Receivables		
Transaction and use tax	30,390	32,943
Receivable from Peninsula Corridor Joint Powers Board (Note 6)	5,596	3,012
Receivable from San Mateo County Transportation Authority (Note 6)	290	2,024
Federal grants (Note 4)	3,357	471
State and local grants	7,098	4,284
Leases receivable (Note 7)	1,077	700
Interest	1,569	609
Other	15,814	16,826
Allowance for doubtful accounts	(161)	(161)
Total Receivables - Net	65,030	60,708
Inventories (Note 1I)	2,054	2,127
Current prepaid items	2,220	1,937
Total Current Assets	453,143	316,921
Noncurrent Assets		
Noncurrent investments (Notes 1F & 2)	130,984	148,598
Restricted investments (Notes 1G & 2)	21,798	21,116
Noncurrent derivative instruments - fair value (Note 14)	-	800
Noncurrent prepaid items	549	1,513
Leases receivables	76,021	72,185
Capital assets (Notes 1J & 5)		
Buses and bus equipment	200,080	200,000
Buildings and building improvements	76,803	75,517
Maintenance and other equipment	35,133	32,907
Furniture and fixtures	30,692	29,981
Shelters and bus stop signs	11,878	11,878
Right-to-use subscription asset	3,335	2,332
Right-to-use leased equipment	-	102
Other vehicles	2,524	2,483
Total capital assets	360,445	355,200
Less accumulated depreciation and amortization	(274,903)	(258,919)
Land (Note 5)	56,915	56,915
Construction in progress (Note 1K)	11,105	7,870
Capital assets - Net (Note 5)	153,562	161,066
Other assets	21	24
Total noncurrent assets	382,935	405,302
Total Assets	836,078	722,223

June 30, 2023 and June 30, 2022 (in thousands)

	2023	2022
Deferred Outflows of Resources		
Deferred outflows related to hedging derivatives insturments (Note 14)	281	-
Deferred charges on refunding	3,893	4,676
Deferred outflows related to OPEB (Note 10)	12,761	10,096
Deferred outflows related to pension (Note 9)	39,649	12,178
Total Deferred Outflows of Resources	56,584	26,950
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	17,852	11,849
Current portion of compensated absences (Note 10)	8,820	7,128
Current portion of self-insurance liabilities (Note 11)	4,838	5,576
Accrued interest	593	637
Unearned revenues	21,637	12,406
Leases payable (Note 7)	-	19
Subscription liability (Note 8)	699	605
Current portion of long-term debt (Note 8)	11,825	11,290
Total current liabilities	66,264	49,510
Noncurrent Liabilities		
Self-insurance liabilities, less current portion (Note 11)	7,433	3,591
Other noncurrent liabilities	3,530	328
Noncurrent derivative instruments - fair value (Note 14)	281	-
Compensated absences, less current portion (Note 10)	4,999	4,930
Leases payable, less current portion (Note 7)	-	60
Subscription liability, less current portion (Note 8)	1,070	1,037
Long-term debt, less current portion (Note 8)	159,621	173,582
Net OPEB liability (Note 10)	18,320	15,411
Net pension liability (Note 9)	90,297	31,636
Total noncurrent liabilities	285,551	230,575
Total liabilities	351,815	280,085
Deferred Inflows of Resources		
Deferred inflows related to hedging derivatives insturments (Note 14)	-	800
Deferred inflows related to OPEB (Note 10)	4,066	9,177
Deferred inflows related to pension (Note 9)	4,168	35,661
Deferred inflows related to leases (Note 7)	75,947	72,153
Total Deferred Inflows of Resources	84,181	117,791
Net Position		
Net investment in capital assets	151,793	159,345
Restricted for:		
Debt service	1,601	1,599
Paratransit fund (Note 1D)	25,000	25,000
Unrestricted	278,272	165,353
Total Net Position	**$ 456,666**	**$ 351,297**

Years Ended June 30, 2023 and June 30, 2022 (in thousands)

	2023	2022
Operating Revenues		
Passenger fares	$ 11,226	$ 8,913
Total Operating Revenues	11,226	8,913
Operating Expenses		
Salaries and benefits	83,740	53,620
Contract operations and maintenance services	41,632	36,678
Other services	11,234	11,484
Materials and supplies	11,418	9,259
Depreciation and amortization	18,394	18,711
Provisions for claims and claims adjustments	13,134	4,519
Miscellaneous	12,588	9,147
Total operating expenses	192,140	143,418
Operating loss	(180,914)	(134,505)
Nonoperating Revenues (Expenses)		
Operating assistance (Note 3)	272,494	241,629
Investment income (loss)	11,671	(8,188)
Interest expense	(6,644)	(7,045)
Expense for noncapitalized projects	(1,635)	(4,155)
Other income, net	6,321	7,755
Total Nonoperating Revenues (Expenses)	282,207	229,996
Net income (loss) before capital contributions	101,293	95,491
Capital grants (Note 1P)	4,076	3,124
Change in net position	105,369	98,615
Net Position		
Beginning of year, as previously reported	351,297	252,537
Cumulative effect on accounting change	-	145
Beginning of year, as restated	351,297	252,682
Net Position - end of year	**$ 456,666**	**$ 351,297**

Years Ended June 30, 2023 and June 30, 2022 (in thousands)

	2023	2022
Cash Flows from Operating Activities		
Cash received from customers	$ 10,807	$ 8,472
Payments to vendors for goods and services	(76,384)	(67,248)
Payments to employees	(85,415)	(64,630)
Net cash (used for) operating activities	(150,992)	(123,406)
Cash Flows From Noncapital Financing Activities		
Expense for noncapitalized projects	(1,635)	(4,155)
Operating assistance received	282,380	231,827
Net cash provided by non-capital financing activities	280,745	227,672
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(10,887)	(6,015)
Capital contributions from grants	4,464	6,568
Leases and SBITAs principal paid	48	112
Bond principal paid	(12,166)	(11,290)
Interest paid on capital debt	(7,165)	(9,245)
Net cash (used for) capital and related financing activities	(25,706)	(19,870)
Cash Flows From Investing Activities		
Proceeds from sale of investment securities	51,088	51,088
Purchases of investment securities	(92,225)	(92,225)
Investment income received (loss)	62,631	1,429
Net cash provided by (used for) investing activities	21,494	(39,708)
Net change in cash and cash equivalents	125,541	44,688
Cash and cash equivalents, beginning of year	193,323	148,635
Cash and Cash Equivalents, end of year	**$ 318,864**	**$ 193,323**

Years Ended June 30, 2023 and 2022 (in thousands)

	2023	2022
Reconciliation of Operating Loss to Net Cash Used for Operating Activities		
Operating loss	$ (180,914)	$ (134,505)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation and amortization expense	18,394	18,719
OPEB expense	(4,867)	(5,877)
Pension expense	(303)	(11,330)
Effect of changes in:		
Accounts receivable	(850)	2,788
Inventories	73	(464)
Prepaid items	798	(802)
Other assets	(117)	(613)
Accounts payable and accrued liabilities	8,512	13,541
Leases receivable	(377)	312
Deferred inflows of resouces from leases	3,794	(1,380)
Compensated absences	1,761	371
Self-insurance liabilities	3,104	(4,166)
Net Cash Used for Operating Activities	**$ (150,992)**	**$ (123,406)**
Noncash Capital, Investing, and Financing Activities		
Capital contributions (payments)	$ (388)	$ (3,444)
Change in fair value of investments	426	11,670
Change in the fair value of derivatives	281	800

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. 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. Lessee and Subscription-Based Information Technology Arrangements (SBITA)

At the commencement of a lease/SBITA, the District initially measures the liability at the present value of payments expected to be made during the term. Subsequently, the liability is reduced by the principal portion of payments made. The lease/SBITA asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the lease/SBITA is amortized on a straight-line basis over its useful life. The lease/SBITA term includes the noncancellable period of the lease. Payments included in the measurement of the liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

K. 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
Right-to-use ground leases	3 to 20 Years
Right-to-use subscriptions	3 to 10 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.

L. Construction in Progress

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

	2023	2022
Maintenance facility improvements	$ 5,603	$ 1,844
Bus fleet improvements	3,954	5,199
Shelter, fencing and bus stop improvements	174	11
Other	1,374	816
Total Construction in Progress	**$ 11,105**	**$ 7,870**

M. 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.

N. 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.

O. Arbitrage

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

P. 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):

	2023	2022
Beginning Balance	$ 12,058	$ 11,687
Additions	9,998	8,605
Payments	(8,237)	(8,234)
Ending Balance	13,819	12,058
Current Portion	8,820	7,128
Non-current Portion	**$ 4,999**	**$ 4,930**

Q. 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):

	2023	2022
Federal grants	$ 1,829	$ 74
State grant (Prop 1B)	1,910	2,992
Local assistance	337	58
Total	**$ 4,076**	**$ 3,124**

R. 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.

S. Leases, as a lessor

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

T. 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.

U. 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 as they are reported by CalPERS. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

V. 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.

W. Deferred Outflows of Resources and Deferred 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 assets 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 assets 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, hedging activities, and leases.

X. 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.

Y. New Accounting Pronouncements

Effective this Fiscal Year

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective 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 provisions of this statement have been implemented as of July 1, 2021.

Effective in Future Fiscal Years

GASB Statement No. 99 – In April 2022, GASB Issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Certain requirements of this statement have been implemented as of June 30, 2023. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The District is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 100 – In June 2022, GASB Issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 and all reporting periods thereafter. The District is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 101 – In June 2022, GASB Issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. 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):

	2023	2022
Cash and cash equivalents	$ 318,864	$ 193,323
Current investments	58,629	51,889
Current restricted investments	6,346	6,937
Noncurrent investments	130,984	148,598
Noncurrent restricted investments	21,798	21,116
Total	**$ 536,621**	**$ 421,863**

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

	2023	2022
Cash on hand	$ 22	$ 22
Deposits with financial institutions	136,305	119,269
Investments	400,294	302,572
Total	**$ 536,621**	**$ 421,863**

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, 2023 was as follows:

Investment Type	**Amount (in thousands)**	**Weighted Average Maturity (in years)**
U.S. Agency Securities	$ 77,274	2.98
U.S. Government Securities	63,562	2.13
Corporate Notes	48,507	2.41
Commercial Paper	1,952	0.42
Certificates of Deposit	3,312	2.33
Municipal Debt Securities	6,955	1.71
Supranationals	1,975	3.96
Money Market Mutual Funds	11,849	-
Local Agency Investment Fund (LAIF)	5,112	0.71
Hedge Treasury Bills	1,353	-
Institutional Cash Distributors (ICD)	1,017	-
California Asset Management Program (CAMP)	177,426	-
Total	**$ 400,294**	
Portfolio Weighted Average Maturity		1.28

The District's weighted average maturity of its investment portfolio at June 30, 2022 was as follows:

Investment Type	Amount (in thousands)	Weighted Average Maturity (in years)
U.S. Agency Securities	$ 51,084	5.33
U.S. Government Securities	69,728	1.78
Corporate Notes	62,289	3.09
Commercial Paper	1,757	0.72
Certificates of Deposit	6,195	0.31
Municipal Debt Securities	6,998	2.69
Supranationals	2,866	3.81
Money Market Mutual Funds	27,622	-
Local Agency Investment Fund (LAIF)	74,033	0.80
Total	**$ 302,572**	
Portfolio Weighted Average Maturity		2.25

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, 2023				
Investment Type	**Amount (in thousands)**	**AAA**	**AA**	**A**	**BBB+***	**Not Rated**
U.S. Agency Securities	$ 77,274	$ 16,990	$ 60,284	$ -	$ -	$ -
U.S. Government Securities	63,562	-	63,562	-	-	-
Corporate Notes	48,507	-	16,063	31,317	1,127	-
Commercial Paper	1,952	-	-	1,952	-	-
Certificates of Deposit	3,312	-	3,312	-	-	-
Municipal Debt Securities	6,955	1,159	3,400	348	-	2,048
Supranationals	1,975	1,975	-	-	-	-
Money Market Mutual Funds	11,849	-	-	-	-	11,849
LAIF	5,112	-	-	-	-	5,112
Hedge Treasury Bills	1,353	-	-	-	-	1,353
ICD	1,017	-	-	-	-	1,017
CAMP	177,426	-	-	-	-	177,426
Total	**$ 400,294**	**$ 20,124**	**$ 146,621**	**$ 33,617**	**$ 1,127**	**$ 198,805**

* securities were acquired as A rated and adjusted later to BBB+ during fiscal year 2022.

Investment Type	Amount (in thousands)	Rating as of June 30, 2022 AAA	AA	A	BBB+	Not Rated
U.S. Agency Securities	$ 51,084	$ -	$ 51,084	$ -	$ -	$ -
U.S. Government Securities	69,728	-	69,728	-	-	-
Corporate Notes	62,289	20,753	14,878	24,330	2,328	-
Commercial Paper	1,757	-	-	1,757	-	-
Certificates of Deposit	6,195	-	2,446	3,749	-	-
Municipal Debt Securities	6,998	711	5,630	353	-	304
Supranationals	2,866	-	2,866	-	-	-
Money Market Mutual Funds	27,622	-	-	-	-	27,622
Local Agency Investment Fund (LAIF)	74,033	-	-	-	-	74,033
Total	**$ 302,572**	**$ 21,464**	**$ 146,632**	**$ 30,189**	**$ 2,328**	**$ 101,959**

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the relative size of an investment in a single issuer. GASB Statement No. 40 requires disclosure of certain investments in any one issue that represents 5% or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government, investments in mutual funds, external investment pools, and other pooled investments are exempt. As of June 30, 2023, the District exceeded the 5% limit of total investments in issuers with investment in Federal Home Loan Mortgage Corporation, U.S. Agency Bonds and FHLMC. One issuer exceeded 5% of the District’s total investment portfolio for the year ended June 30, 2023.

Issuer (in thousands)	Investment Type	2023	Concentration
Federal Home Loan Mortgage Corporation	U.S. Agency Securities	$ 37,152	9.28%
Federal National Mortgage Association	U.S. Agency Securities	21,347	5.33%
Total		**$ 58,499**	

There were two issuer that exceeded 5% of the District’s total investment portfolio for the year ended June 30, 2022.

Issuer (in thousands)	Investment Type	2022	Concentration
Federal National Mortgage Association	U.S. Agency Securities	$ 18,104	5.98%
Federal Home Loan Mortgage Corporation	U.S. Agency Securities	29,581	9.78%
Total		**$ 47,685**	

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, 2023:

- 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.
- 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, 2023:

Investment Type	Total	Level 1	Level 2	Uncategorized
U.S. Agency Securities	$ 77,274	$ -	$ 77,274	$ -
U.S. Government Securities	63,562	63,562	-	-
Corporate Notes	48,507	-	48,507	-
Commercial Paper	1,952	-	1,952	-
Certificates of Deposit	3,312	-	3,312	-
Municipal Debt Securities	6,955	-	6,955	-
Supranationals	1,975	-	1,975	-
Money Market Mutual Funds	11,849	-	-	11,849
LAIF	5,112	-	-	5,112
Hedge Treasury Bills	1,353	-	-	1,353
ICD	1,017	-	-	1,017
CAMP	177,426	-	-	177,426
Total investments by fair value type	**$ 400,294**	**$ 63,562**	**$ 139,975**	**$ 196,757**

The following is the District's fair value hierarchy table as of June 30, 2022

Investment Type	Total	Level 1	Level 2	Uncategorized
U.S. Agency Securities	$ 51,084	$ -	$ 51,084	$ -
U.S. Government Securities	69,728	69,728	-	-
Corporate Notes	62,289	-	62,289	-
Commercial Paper	1,757	-	1,757	-
Certificates of Deposit	6,195	-	6,195	-
Municipal Debt Securities	6,998	-	6,998	-
Supranationals	2,866	-	2,866	-
Money Market Mutual Funds	27,622	-	-	27,622
Local Agency Investment Fund (LAIF)	74,033	-	-	74,033
Total investments by fair value type	**$ 302,572**	**$ 69,728**	**$ 131,189**	**$ 101,655**

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, 2023 and 2022, the District had $136,304,000 and $119,269,000, 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, 2023 and June 30, 2022 was $136,054,000 and $119,018,000, 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, 2023 and June 30, 2022, the District had a contractual withdrawal value in LAIF of $5,191,000 and $74,902,000, respectively. Investments in LAIF are not categorized because deposits and withdrawals are made on the basis of $1 and not fair value.

California Asset Management Program (CAMP): The District holds an investment in CAMP that is subject to “fair value” adjustments. The District had a contractual withdrawal value of $177,426,000 (which is reported using the amortized cost) after the adjustment for unrealized gains/losses for fiscal year 2023. The District did not hold any investment in CAMP as of June 30, 2022. CAMP is a governmental investment pool managed and directed by the CAMP Treasurer and is not registered with the Securities and Exchange Commission.

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):

	2023	2022
Transaction and use tax	$ 176,627	$ 169,031
Local transportation funds	56,212	36,472
Federal operating and planning assistance	3,008	2,507
Federal Emergency Management Agency (FEMA)	138	18
Federal ARP Act	11,883	15,633
State transit assistance	18,622	12,776
Measure A funds - local	4,690	3,860
Measure W funds - local	1,314	1,201
AB434 and other	-	131
Total	**$ 272,494**	**$ 241,629**

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 on June 30, 2023 and 2022 applicable to these projects are $11,580,000 and $10,063,000, respectively. The related federal participation is $1,390,000 and $74,000 respectively.

The District has recorded receivables of $2,679,000 and $284,000, at June 30, 2023 and 2022, 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, 2023, was as follows (in thousands):

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
Capital Assets at Cost				
Buses and bus equipment	$ 200,000	$ 2,127	$ (2,047)	$ 200,080
Buildings and building improvements	75,517	1,641	(355)	76,803
Maintenance and other equipment	32,907	2,226	-	35,133
Furniture and fixtures	29,981	712	(1)	30,692
Shelters, fencing and bus stop signs	11,878	-	-	11,878
Right-to-use subscriptions	2,332	1,003	-	3,335
Right-to-use ground leases	102	-	(102)	-
Other vehicles	2,483	41	-	2,524
Total Capital Assets at Cost	355,200	7,750	(2,505)	360,445
Less Accumulated Depreciation/Amortization for				
Buses and bus equipment	(127,678)	(13,156)	2,047	(138,787)
Buildings and building improvements	(64,659)	(2,042)	355	(66,346)
Maintenance and other equipment	(29,438)	(959)	-	(30,397)
Furniture and fixtures	(29,944)	(112)	1	(30,055)
Shelters, fencing and bus stop signs	(4,938)	(1,088)	-	(6,026)
Right-to-use subscriptions	(545)	(829)	-	(1,374)
Right-to-use ground leases	(23)	(20)	43	-
Other vehicles	(1,694)	(224)	-	(1,918)
Total Accumulated Depreciation and Amortization	(258,919)	(18,430)	2,446	(274,903)
Nondepreciable Capital Assets				
Land	56,915	-	-	56,915
Construction in progress	7,870	9,981	(6,746)	11,105
Total Nondepreciable Capital Assets	64,785	9,981	(6,746)	68,020
Capital Assets, Net	**$ 161,066**	**$ (699)**	**$ (6,805)**	**$ 153,562**

Capital asset activity for the Fiscal Year ended June 30, 2022, was as follows (in thousands):

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022
Capital Assets at Cost				
Buses and bus equipment	$ 222,823	$ -	$ (22,823)	$ 200,000
Buildings and building improvements	75,127	390	-	75,517
Maintenance and other equipment	30,333	2,582	(8)	32,907
Furniture and fixtures	30,023	26	(68)	29,981
Shelters, fencing and bus stop signs	10,393	1,485	-	11,878
Right-to-use subscriptions	2,332	-	-	2,332
Right-to-use leased equipment	18	84	-	102
Other vehicles	3,000	-	(517)	2,483
Total Capital Assets at Cost	374,049	4,567	(23,416)	355,200
Less Accumulated Depreciation/Amortization for				
Buses and bus equipment	(135,452)	(15,049)	22,823	(127,678)
Buildings and building improvements	(63,456)	(1,203)	-	(64,659)
Maintenance and other equipment	(28,409)	(1,037)	8	(29,438)
Furniture and fixtures	(29,993)	(19)	68	(29,944)
Shelters, fencing and bus stop signs	(3,783)	(1,155)	-	(4,938)
Right-to-use subscriptions	-	(545)	-	(545)
Right-to-use leased equipment	(7)	(16)	-	(23)
Other vehicles	(1,970)	(241)	517	(1,694)
Total Accumulated Depreciation and Amortization	(263,070)	(19,265)	23,416	(258,919)
Nondepreciable Capital Assets				
Land	56,915	-	-	56,915
Construction in progress	6,416	5,937	(4,483)	7,870
Total Nondepreciable Capital Assets	63,331	5,937	(4,483)	64,785
Capital Assets, Net	**$ 174,310**	**$ (8,761)**	**$ (4,483)**	**$ 161,066**

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 appointed by each member agency. On October 31, 2008, all three of the JPB member agencies together with the Metropolitan Transportation Commission (MTC) signed a restated “Real Property Ownership Agreement” (RPOA) to fully resolve all then-outstanding financial issues related to the acquisition of the Caltrain right of way, the local share of which was funded initially by the District. Both the CCSF and VTA agreed to reimbursed the District using gasoline “spillover” funds. The population based “spillover” funds were to be paid directly to the District from the MTC, and revenue based “spillover” funds were to be paid to the District from the San Francisco Municipal Transportation Agency (SFMTA) and VTA.

As of June 30, 2023, the District has received a total of $46.1 million from "spillover" and 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 October 31, 2008 RPOA provided that the District would be designated as the Managing Agency of the JPB and would serve in that capacity "unless and until it no longer chooses to do so."

In August 2022, the District, CCSF, and VTA entered a binding MOU designed to balance the competing concerns relating to governance and reimbursement for the District's advance of funds required for purchase of the right-of-way. To account for the delay in payment of the amount owed under the 2008 Agreement and in exchange for the District's agreement to assign certain rights as Managing Agency to JPB, the CCSF and VTA agreed to pay $15.2 million to the District within twelve months of the Effective Date of the Agreement. The District received these funds in full in August 2023.

Out of the total $53.3 million repayment required under the RPOA, the remaining $7.2 million has been fulfilled in September 2023. Ultimately, as all payments have been received by the District, the District conveyed to the JPB all of the District's interest in the title to the Caltrain right-of-way.

Separate from cost reimbursement related to the purchase of the Caltrain right-of-way, The District also receives payment for service it provides to the JPB as the Managing Agency. The District had total receivables from the JPB of $5,596,000 at June 30, 2023, up from $3,012,000 at June 30, 2022, 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, the District's Measure W sales tax ordinance authorizes the District to transfer one half of the revenues from that half cent sales tax 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 some of the real estate assets it has acquired as a result of its financial support of transportation projects in its Expenditure Plan. Accordingly, the Transportation Authority has transferred title to the District for some of the properties. The District has accepted ownership of these properties both as an accommodation to Transportation Authority as well as for use in providing transit. The District has recorded these parcels as capital assets.

In November 1994, the Transportation Authority purchased and subsequently transferred the Dumbarton rail bridge right-of-way and associated land 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.

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 project at Holly Street. At the conclusion of that grade separation project, the Transportation Authority Board of Directors agreed to sell the excess property not needed once the grade separation was complete to the District. The District fully repaid the note of $4,343,000 as of June 30, 2022.

As the Managing Agency, the District has total receivables from the Transportation Authority of $290,000 and $2,024,000 at June 30, 2023 and 2022 respectively, for advances of staff support and operating costs and reimbursement of the Caltrain subsidy. Complete financial statements for the Transportation Authority can be found at https://www.smcta.com/resources/finance/annual-comprehensive-financial-reports.

San Mateo County Express Lanes Joint Powers Authority (SMCELJPA)

In May of 2019, the Transportation Authority and City/County Association of Governments of San Mateo County ("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 District (as Managing Agency for the Transportation Authority) and C/CAG both 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 compensates the District for staff time spent in support of the SMCELJPA; the SMCELJPA, in turn, reimburses the Transportation Authority such costs.

The District has total receivables from the SMCELJPA of $722,000 and $14,000 at June 30, 2023 and 2022 respectively, for advances of staff support and operating costs. Complete financial statements for the Transportation Authority can be obtained from the Transportation Authority at 1250 San Carlos Ave., San Carlos, California, 94070.

Note 7 - Leases

Lease Payable

The District entered into agreements to lease a mail machine for 36 months, beginning December 2019, and several printers for 60 months, beginning Fiscal Year 2022. The mail machine and printer leases terminate November 2022 and Fiscal Year 2027, respectively. Under the terms of the mail machine lease, the District pays a quarterly base fee of $1,898. Under the terms of the printer leases, the District pays a cumulative monthly base fee of $1,415. As of June 30, 2023, the mail machine and printer leases have fully matured. The District fully amortized the lease payable for $76,000.

Lease Receivable

As the Lessor, the District entered into lease agreements for mainly commercial, rental, and parking transactions. The lease terms expire between 2024 and 2116, with some leases containing options to renew. The District, as lessor, has accrued receivables for mainly ground/commercial leases. Currently, there are four ground leases and five commercial leases, the leases receivable as of June 30, 2023 and June 30, 2022 were $77,590,000 and $72,885,000, respectively. Deferred inflows of resources related to leases were $75,947,000 and $72,153,000 as of June 30, 2023 and June 30, 2022, respectively. Lease revenue recognized on the leases were $1,019,000 in fiscal year June 30, 2023 and $1,012,000 in fiscal year June 30, 2022. Interest revenue recognized on the leases were $1,045,000 in the fiscal year ended June 30, 2023 and $941,383 in fiscal year ended June 30, 2022. Final receipts for commercial leases are through the current fiscal year, and through the fiscal year 2116 for ground leases.

The District's variable payments are calculated using the annual consumer price index (CPI), a specific % increase or a specific dollar amount. If the CPI is not specified in the contract, the Applicable Federal Rate (AFR) is used. The District has no residual value grantees included in the measurement of lease assets, liabilities, or deferred inflows of resources and lease receivable for the year ended June 30, 2023. The District had no remeasurement during the fiscal year.

Note 8 - 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, 2023 is as follows (in thousands):

	Original Issue Amount	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023	Current Balance at June 30, 2023
Limited Tax Bonds						
2015 Series A Refunding Bonds	$ 210,280	$ 172,120	$ -	$ (11,290)	$ 160,830	$ 11,825
3.00%-5.00%, due 6/1/2034						
Subscription liability		1,642	1,003	(876)	1,769	699
Total debt		173,762	1,003	(12,166)	162,599	**$ 12,524**
Unamortized bond premium		12,752	-	(2,136)	10,616	
Total debt payable		**$ 186,514**	**$ 1,003**	**$ (14,302)**	**$ 173,215**	

Long-term debt activity for the year ended June 30, 2022 is as follows (in thousands):

	Original Issue Amount	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022	Current Balance at June 30, 2022
Limited Tax Bonds						
2015 Series A Refunding Bonds	$ 210,280	$ 182,900	$ -	$ (10,780)	$ 172,120	$ 11,290
3.00%-5.00%, due 6/1/2034						
Subscription liability		2,210	-	(568)	1,642	605
Total debt		185,110	-	(11,348)	173,762	**$ 11,895**
Unamortized bond premium		15,136	-	(2,384)	12,752	
Total debt payable		**$ 200,246**	**$ -**	**$ (13,732)**	**$ 186,514**	

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.

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 $176.6 million and the amount required for the debt service was $19.1 million during Fiscal Year 2023. The pledged revenue coverage was 9.23 percent.

Debt Service Requirements to Maturity

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

	2015 Series A		
Fiscal Year Ending June 30,	Principal	Interest	Total
2024	$ 11,825	$ 7,365	$ 19,190
2025	12,390	6,799	19,189
2026	13,010	6,180	19,190
2027	13,660	5,529	19,189
2028	14,340	4,846	19,186
2029-2033	82,930	13,022	95,952
2034	12,675	428	13,103
Total debt service	**$ 160,830**	**$ 44,169**	**$ 204,999**

Subscription Liabilities

The District has entered into seven subscription arrangements as subscriber primarily for software as a service (SaaS) and platform as a service (PaaS). Most subscriptions have initial terms of up to three years. The District is required to make $52,000 in interest payments through June 30, 2027. As the interest rate implicit in the District's subscriptions are not readily determinable, the District utilizes the Applicable Federal Rate (AFR) to discount the subscription payments.

As of June 30, 2023, the District recognized a right to use subscription software of $3,335,000 and a subscription liability of $1,769,000. During the Fiscal year, the District recorded $829,000 in amortization expense and $39,000 in interest expense for the right to use subscription software.

Future Subscription liability requirements are as follows (in thousands):

Fiscal year Ending June 30,	Principal	Interest
2024	$ 699	$ 28
2025	668	16
2026	349	6
2027	53	2
Total	$ 1,769	$ 52

Note 9 - 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, 2023, 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*	8.710%	8.710%	8.710%

*Excluding an additional UAL payment in the amount of $6,713,806

Employees Covered – At June 30, 2023, the following employees were covered by the plan:

Inactive employees (or their beneficiaries) currently receiving benefits	692
Inactive employees entitled to but not yet receiving benefits	241
Active employees	703
Total number of employees covered by the benefit terms	**1,636**

Employees Covered – At June 30, 2022, the following employees were covered by the plan:

Inactive employees (or their beneficiaries) currently receiving benefits	656
Inactive employees entitled to but not yet receiving benefits	241
Active employees	723
Total number of employees covered by the benefit terms	**1,620**

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 Fiscal Year 2023, the JPB's portion of this payment was $727,000, and the Transportation Authority's portion of this payment was $92,000; In Fiscal Year 2022, the JPB's portion of this payment was $599,000, and the Transportation Authority's portion of this payment was $76,000.

On May 3, 2023, the District's Board of Directors approved establishment of a California Employers' Pension Prefunding Trust (CEPPT) Account for the District with the California Public Employees' Retirement System (CalPERS) and directed the staff to open and fund the trust account over FY 2023 and FY 2024 with a $21 million pension prepayment reserve fund contribution that was included in the District's 2023 Operating Budget. The CalPERS CEPPT trust fund program allows state and local public employers to prefund their future pension costs through an investment vehicle designed to accumulate assets over time. By establishing a CEPPT trust fund account, the District can proactively manage its long-term pension costs and liabilities by using assets in the trust to manage growing pension liabilities, including future normal costs and Unfunded Accrued Liability (UAL) payments. The assets in the trust can be used to stabilize pension rates and offset unexpected contribution rate increases, as well as to act as a rainy-day fund to ensure resources are available for pension obligations when revenues are impaired, based on economic or other conditions. In September 2023, the District began contributing just under $1.0 million bi-weekly into the CEPPT and will continue doing so under the entire $21 million reserve has been invested in the Account.

Net Pension Liability

The District's net pension liability for Fiscal Year 2023 is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability for Fiscal Year 2023 is measured as of June 30, 2022, using an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's net pension liability for Fiscal Year 2022 is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability for Fiscal Year 2022 is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 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, 2022 and June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

	2022	2023
Valuation Date	June 30, 2020	June 30, 2021
Measurement Date	June 30, 2021	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions		
Discount Rate	7.15%	6.90%
Inflation	2.50%	2.50%
Payroll Growth	2.75%	2.75%
Projected Salary Increase	Varies by Entry-Age and Service	Varies by Entry-Age and Service
Investment Rate of Return	7.00% (1)	7.00% (1)
Mortality	(2)	(2)

(1) Net of pension plan investment and administrative 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 6.9 (7.15 in 2022) percent for each Plan for both Fiscal Years ended June 30, 2023 and 2022. 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 6.9% 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[1]	**New Strategic Allocation**	**Real Returns [1,2]**
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	**100%**	

(1) An expected inflation of 2.30% used for this period.
(2) Figures are based on the 2021 Asset Liability Mangement study.

Source: CalPERS 2022 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, 2022 (Fiscal Year ended June 30, 2023) is as follow (in thousands):

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2022	$ 405,661	$ 374,025	$ 31,636
Changes recognized for the measurement period			
Service cost	10,516	-	10,516
Interest on the total pension liability	28,240	-	28,240
Changes of assumptions	12,758	-	12,758
Difference between expected and actual experience	(4,875)	-	(4,875)
Contributions from the employer	-	11,844	(11,844)
Contributions from employees	-	4,636	(4,636)
Net investment income	-	(28,268)	28,268
Benefit Payments, including refunds	(19,040)	(19,040)	-
Administrative Expense	-	(234)	234
Net changes	27,599	(31,062)	58,661
Balance at June 30, 2023	**$ 433,260**	**$ 342,963**	**$ 90,297**

The changes in the Net Pension Liability recognized over the measurement period ended June 30, 2021 (Fiscal Year ended June 30, 2022) is as follow (in thousands):

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2021	$ 387,838	$ 307,470	$ 80,368
Changes recognized for the measurement period			
Service cost	9,837	-	9,837
Interest on the total pension liability	27,333	-	27,333
Difference between expected and actual experience	(1,601)	-	(1,601)
Contributions from the employer	-	10,714	(10,714)
Contributions from employees	-	4,379	(4,379)
Net investment income	-	69,515	(69,515)
Benefit Payments, including refunds	(17,746)	(17,746)	-
Administrative Expense	-	(307)	307
Net changes	17,823	66,555	(48,732)
Balance at June 30, 2022	**$ 405,661**	**$ 374,025**	**$ 31,636**

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, 2022 (Fiscal Year ended June 30, 2023) 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	5.90%	6.90%	7.90%
Net Pension Liability	$ 145,206	$ 90,297	$ 44,521

The following presents the net pension liability for the measurement period ended June 30, 2021 (Fiscal Year ended June 30, 2022) 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	$ 81,923	$ 31,636	$ (10,447)

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, 2023, the District recognized pension expense of $12,844,000. At June 30, 2023, 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	$ 13,147	$ -
Changes of assumptions	9,113	-
Differences between expected and actual experiences	14	(4,168)
Net differences between projected and actual earnings on plan investments	17,375	-
Total	**$ 39,649**	**$ (4,168)**

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – For the year ended June 30, 2022, the District recognized pension expense of $511,000. At June 30, 2022, 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	$ 11,842	$ -
Differences between expected and actual experiences	336	(1,144)
Net differences between projected and actual earnings on plan investments	-	(34,517)
Total	**$ 12,178**	**$ (35,661)**

Deferred outflows of resources related to contributions subsequent to the measurement date is $13,147,000, which will be recognized as a reduction of the net pension liability in the next fiscal year. 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	
2023	$ 4,615
2024	4,532
2025	2,392
2026	10,795
Total	**$ 22,334**

Note 10 - 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 is $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, 2021 and June 30, 2022 measurement dates, the numbers of active and retired District employees covered by the Plan were as follows:

	2022	**2021**
Retired employees receiving benefits	421	407
Retired employees entitled to but not receiving benefits	137	133
Active plan members	762	723
Total	**1,320**	**1,263**

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, 2023, the District contributed $4,000,000 to the established trust fund through CERBT. In addition, the District contributed $2,803,000 in pay-as-you-go amounts for the year ended June 30, 2023. Additional contributions were in the form of an implicit subsidy in the amount of $635,000 were made.

In Fiscal Year ended June 30, 2022, the District contributed $4,000,000 to the established trust fund through CERBT. In addition, the District contributed $2,739,000 in pay-as-you-go amounts for the year ended June 30, 2022. Additional contributions in the form of an implicit subsidy in the amount of $728,000 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 Fiscal Year 2023, the JPB's portion of this payment was $456,000, and the Transportation Authority's portion of this payment was $32,000; In Fiscal Year 2022, the JPB's portion of this payment was $396,000, and the Transportation Authority's portion of this payment was $32,000.

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, 2022 for the Fiscal Year ended on June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 that was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Discount Rate	6.25%
Inflation	2.50%
Investment Rate of Return	6.25%
Mortality	Projected fully generational with Scale MP-2020
Healthcare Trend Rate	Non-Medicare – 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare – 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076

The District's net OPEB liability was measured as of June 30, 2021 for the Fiscal Year ended on June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021, that was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Discount Rate	6.25%
Inflation	2.50%
Investment Rate of Return	6.75%
Mortality	Projected fully generational with Scale MP-2020
Healthcare Trend Rate	Non-Medicare – 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 Medicare – 4.75% for 2022, decreasing to an ultimate rate of 3.75% 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 (1)	Long-Term Expected Real Rate of Return (2)
Global Equity	49.00%	4.56%
Fixed Income	23.00%	1.56%
TIPS	5.00%	-0.08%
Commodities	3.00%	1.22%
REITs	20.00%	4.06%
	100.00%	

(1) The long-term expected real rates of return are presented as geometic means.

(2) Includes 2.5% inflation.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.25 percent for the measurement date as of June 30, 2022 and 6.25 percent for the measurement date as of June 30, 2021. 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, 2022 (Fiscal Year ended June 30, 2023) are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022	$ 52,926	$ 37,515	$ 15,411
Changes for the year:			
Service cost	1,688	-	1,688
Interest	3,306	-	3,306
Contribution - employer	-	7,467	(7,467)
Net investment income	-	(5,364)	5,364
Benefit payments and refunds	(3,459)	(3,459)	-
Administrative expenses	-	(18)	18
Net changes	1,535	(1,374)	2,909
Balance at June 30, 2023	**$ 54,461**	**$ 36,141**	**$ 18,320**

The changes in the net OPEB liability for the District's plan over the measurement period ended June 30, 2021 (Fiscal Year ended June 30, 2022) are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021	$ 51,903	$ 26,818	$ 25,085
Changes for the year:			
Service cost	1,588	-	1,588
Interest	3,497	-	3,497
Changes in assumptions	3,116	-	3,116
Contribution - employer	-	6,586	(6,586)
Net investment income	-	7,469	(7,469)
Benefit payments and refunds	(3,340)	(3,340)	-
Administrative expenses	-	(18)	18
Net changes	1,023	10,697	(3,132)
Balance at June 30, 2022	**$ 52,926**	**$ 37,515**	**$ 21,953**

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, 2023 and 2022:

Net OPEB Liability for the Fiscal Year Ended on June 30, 2023		
Discount Rate - 1% (5.25%)	Current Discount Rate (6.25%)	Discount Rate + 1% (7.25%)
$ 23,670	$ 18,320	$ 13,733

Net OPEB Liability for the Fiscal Year Ended on June 30, 2023		
Trend Rate - 1%	Current Trend	Trend Rate + 1%
$ 16,733	$ 18,320	$ 20,471

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, 2023 and 2022:

Net OPEB Liability for the Fiscal Year Ended on June 30, 2022		
Discount Rate - 1% (5.25%)	Current Discount Rate (6.25%)	Discount Rate + 1% (7.25%)
$ 20,677	$ 15,411	$ 10,899

Net OPEB Liability for the Fiscal Year Ended on June 30, 2021		
Trend Rate - 1%	Current Trend	Trend Rate + 1%
$ 13,997	$ 15,411	$ 17,306

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, 2023, the District recognized an OPEB expense in the amount of $2,572,000. As of Fiscal Year ended June 30, 2023, 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	$ 7,438	$ -
Changes of Assumptions	2,142	(628)
Differences between Expected and Actual Experiences	-	(3,438)
Net differences between projected and actual earnings on plan investments	3,181	-
Total	**$ 12,761**	**$ (4,066)**

For the Fiscal Year ended June 30, 2022, the District recognized an OPEB expense in the amount of $1,591,000. As of Fiscal Year ended June 30, 2022, 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	$ 7,467	$ -
Changes of Assumptions	2,629	(822)
Differences between Expected and Actual Experiences	-	(4,357)
Net differences between projected and actual earnings on plan investments	-	(3,998)
Total	**$ 10,096**	**$ (9,177)**

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 next fiscal year. The other deferrals are amortized over the remaining 6 years from 2023 to 2028 as follows:

Year Ended June 30		
2024	$	(17)
2025		(34)
2026		(15)
2027		1,367
2028		(44)
Thereafter		-
Total	**$**	**1,257**

Note 11 - 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, 2023, 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	$2,000 per occurrence	$99,000 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 occurrence	$147,532 Total Insurable Values (TIV)
Real and Personal Property	$25 per occurrence	$140,226 Total Insurable Values (TIV)
Environmental Liability	$50 per occurrence	$6,000 3-year policy aggregate
Fiduciary Liability	$10 per occurrence	$2,000 Aggregate
Cyber Liability	$250 per occurrence	$2,000 aggregate
Crime Insurance/Employee Dishonesty	$25 per occurrence except for computer fraud and funds transfer	$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 $147,532,000. Real and Personal Property is insured for total insurable values (TIV) of $140,227,000 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 three years ended June 30 for public liability, property damage and workers' compensation are as follows (in thousands):

	2023	2022	2021
Self-insurance liabilities, beginning of year	$ 9,167	$ 13,333	$ 11,776
Incurred claims and changes in estimates	6,917	(771)	5,668
Claim payments and related costs	(3,813)	(3,395)	(4,111)
Total Self-insurance claims liabilities	12,271	9,167	13,333
Less current portion	4,838	5,576	8,018
Noncurrent portion	**$ 7,433**	**$ 3,591**	**$ 5,315**

Note 12 - 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, 2023, 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 District management, such allowances, if any, will not materially affect the District's financial position.

Note 13 - 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). The PTMISEA grant funding awarded to the District were fully expended as of June 30, 2023.

Note 14 - 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, 2023, the District had 35 futures contracts. As of June 30, 2023, the aggregate fuel hedge contracts covered a period from July 2023 through June 2024. As of June 30, 2022, The District had 327 futures contracts. As of June 30, 2023, the aggregate fuel hedge contracts covered a period from July 2022 through June 2023.

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, 2023 (in thousands):

(in thousands)	**2023 Change in Fair Value**		**Fair Value, June 30, 2023**		
	Classification	**Amount**	**Classification**	**Amount**	**Notional**
Effective Cash Flow Hedges					
Futures contracts	Deferred Outflow	$ 1,081	Derivative Instruments	$ 281	1,470 Gallons

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, 2022 (in thousands):

(in thousands)	**2022 Change in Fair Value**		**Fair Value, June 30, 2022**		
	Classification	**Amount**	**Classification**	**Amount**	**Notional**
Effective Cash Flow Hedges					
Futures contracts	Deferred Inflow	$ (319)	Derivative Instruments	$ (800)	1,134 Gallons

Note 15 - Change in Accounting Principle

As of July 1, 2021, the District adopted GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. As a result of the implementation, the District recognized a right-to-use subscription asset and related subscription liability. The following tables described the effects of the implementation on beginning net position:

Net position, as previously reported	$ 252,537
Subscription right to use asset	2,332
Subscription liability	(1,642)
Subscription right to use asset - amortization	(545)
Net position, as restated	**$ 252,682**

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Required Supplementary Information
June 30, 2023

San Mateo County Transit District

(Amounts in thousands)	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018*
Total OPEB Liability						
Service cost	$ 1,688	$ 1,588	$ 1,623	$ 1,638	$ 1,659	$ 1,611
Interest on Total OPEB Liability	3,306	3,497	3,446	3,486	3,367	3,247
Changes of Assumptions	-	3,116	(931)	(330)	-	-
Difference Between Expected and Actual Experience	-	(3,838)	-	(2,076)	-	-
Benefit Payments, Including Refunds of Employee Contributions	(3,459)	(3,340)	(3,318)	(3,281)	(3,199)	(3,032)
Net Change in Total OPEB Liability	1,535	1,023	820	(563)	1,827	1,826
Total OPEB Liability - Beginning	52,926	51,903	51,083	51,646	49,819	47,993
Total OPEB Liability - Ending	$ 54,461	$ 52,926	$ 51,903	$ 51,083	$ 51,646	$ 49,819
Fiduciary Net Position						
Contributions - Employer	$ 7,467	$ 6,586	$ 6,565	$ 6,327	$ 6,746	$ 5,032
Net Investment Income	(5,364)	7,469	725	1,219	1,143	1,174
Benefit Payments, Including Refunds of Employee Contributions	(3,459)	(3,340)	(3,318)	(3,281)	(3,199)	(3,032)
Administrative Expense	(18)	(18)	(20)	(12)	(36)	(6)
Net Change in Fiduciary Net Position	(1,374)	10,697	3,952	4,253	4,654	3,168
Plan Fiduciary Net Position - Beginning	37,515	26,818	22,866	18,613	13,959	10,791
Plan Fiduciary Net Position - Ending	$ 36,141	$ 37,515	$ 26,818	$ 22,866	$ 18,613	$ 13,959
Net OPEB Liability - Ending	**$ 18,320**	**$ 15,411**	**$ 25,085**	**$ 28,217**	**$ 33,033**	**$ 35,860**
Fiduciary Net Position as a Percentage of the Total OPEB Liability	66.36%	70.88%	51.67%	44.76%	36.04%	28.02%
Covered Payroll	$ 80,473	$ 71,296	$ 74,287	$ 70,978	$ 64,378	$ 49,777
Net OPEB Liability as a Percentage of Covered Payroll	22.77%	21.62%	33.77%	39.75%	51.31%	72.04%
Measurement date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017

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

(Amounts in thousands)	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018*
Actuarially Determined Contribution	$ 7,438	$ 7,467	$ 6,585	$ 6,565	$ 6,326	$ 6,080
Benefit Payments, Including Refunds of Employee Contributions	(7,438)	(7,467)	(6,585)	(6,565)	(6,326)	(6,080)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	87,771	80,473	71,296	74,287	70,978	64,378
Contributions as a Percentage of Covered Payroll	8.47%	9.28%	9.24%	8.84%	8.91%	10.83%
Actuarial Valuation Date	6/30/2021	6/30/2019	6/30/2019	6/30/2017	6/30/2017	6/30/2017

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

(Amounts in thousands)	2023[3]	2022	2021	2020	2019	2018	2017[2]	2016	2015[1]
Total pension liability									
Service cost	$ 10,516	$ 9,837	$ 9,524	$ 8,706	$ 8,511	$ 8,145	$ 7,020	$ 6,831	$ 7,062
Interest on the total pension liability	28,240	27,333	26,145	24,887	23,524	22,342	21,338	20,157	-
Changes of assumptions	12,758	-	-	-	(2,738)	18,030	-	(4,780)	-
Difference between expected and actual experience	(4,875)	(1,601)	87	1,785	2,022	(1,390)	(903)	(894)	18,965
Benefit payments, including refunds of employee contributions	(19,040)	(17,746)	(17,477)	(15,487)	(14,227)	(12,618)	(11,410)	(10,095)	(9,115)
Net change in total pension liability	27,599	17,823	18,279	19,891	17,092	34,509	16,045	11,219	16,912
Total pension liability - beginning of year	405,661	387,838	369,559	349,668	332,576	298,067	282,023	270,804	253,892
Total pension liability - end of year	$ 433,260	$ 405,661	$ 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	11,844	10,714	9,633	8,159	6,603	5,961	5,014	4,192	4,023
Contributions from employees	4,636	4,379	4,434	4,157	3,703	3,489	3,428	3,199	3,312
Net investment income	(28,268)	69,515	14,835	18,503	22,310	26,892	1,287	5,413	35,934
Benefit payments, including refunds of employee contributions	(19,040)	(17,746)	(17,477)	(15,487)	(14,227)	(12,618)	(11,410)	(10,095)	(9,115)
Administrative expense	(234)	(307)	(418)	(201)	(412)	(355)	(148)	(273)	-
Other miscellaneous income/(expense)	-	-	-	1	(782)	-	-	-	-
Net change in fiduciary net position	(31,062)	66,555	11,007	15,132	17,194	23,369	(1,829)	2,436	34,154
Fiduciary net position - beginning of year	374,025	307,470	296,463	281,331	264,137	240,768	242,596	240,160	206,006
Fiduciary net position - end of year	$ 342,963	$ 374,025	$ 307,470	$ 296,463	$ 281,331	$ 264,137	$ 240,767	$ 242,596	$ 240,160
Net pension liability	**$ 90,297**	**$ 31,636**	**$ 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	79.16%	79.28%	79.28%	80.22%	80.46%	79.42%	80.78%	86.02%	88.68%
Covered payroll	$ 64,932	$ 64,630	$ 64,498	$ 61,004	$ 56,133	$ 49,777	$ 47,112	$ 47,169	$ 45,795
Net pension liability as percentage	139.06%	124.61%	124.61%	119.82%	121.74%	137.49%	121.63%	83.59%	66.92%
Measurement date	6/30/2022	6/30/2021	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.
(3) In 2023 the discount rate was changed to 6.90 percent from 7.15 percent.

(Amounts in thousands)	2023	2022	2021	2020	2019	2018	2017	2016	2015 [1]
Contractually required contribution (actuarially determined)	$ 13,147	$ 11,842	$ 10,714	$ 9,633	$ 8,158	$ 6,603	$ 5,943	$ 5,014	$ 4,192
Contributions in relation to the actuarially determined contributions	(13,147)	(11,842)	(10,714)	(9,633)	(8,158)	(6,603)	(5,943)	(5,014)	(4,192)
Contribution deficiency (excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Covered payroll	$ 63,387	$ 64,932	$ 64,630	$ 64,498	$ 61,004	$ 56,133	$ 49,777	$ 47,112	$ 47,169
Contributions as a percentage of covered payroll	20.74%	18.24%	16.58%	14.94%	13.37%	11.76%	11.94%	10.64%	8.53%
Actuarial Valuation Date	6/30/2020	6/30/2019	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 standards.

Note 1 – OPEB Methods and Assumptions used to Determine Contributions

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	6.25%
Inflation	2.50%
Aggregate Payroll Increase	2.75%
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	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Discount Rate	7.000%	7.000%	7.250%	7.250%	7.375%	7.500%	7.500%	7.500%	7.500%
Inflation	2.500%	2.500%	2.625%	2.625%	2.750%	2.750%	2.750%	2.750%	2.750%
Payroll Growth	2.750%	2.750%	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, 2023

San Mateo County Transit District

(Amounts in thousands)

	Budget	Actual	Variance Positive (Negative)
Operating Revenues - Passenger Fares	$ 8,183	$ 11,226	$ 3,043
Operating Expenses:			
Salaries and benefits	74,775	88,909	(14,134)
Contract operations and maintenance services	40,607	41,632	(1,025)
Other services	13,427	11,234	2,193
Materials and supplies	9,812	11,418	(1,606)
Insurance	10,495	13,134	(2,639)
Miscellaneous	13,597	12,588	1,009
Total operating expenses	162,713	178,915	(16,202)
Operating loss	(154,530)	(167,689)	(13,159)
Nonoperating Revenues (Expenses)			
Operating assistance	212,801	272,494	59,693
Investment income	2,840	10,265	7,425
Interest expense	(8,516)	(5,861)	2,655
Other income, net	2,708	6,321	3,613
Total nonoperating income (expenses)	209,833	283,219	73,386
Income (loss) before capital outlay and long-term debt principal payments	55,303	115,530	60,227
Capital Outlay			
Capital assistance	41,050	4,076	(36,974)
Capital expenditures	(41,050)	(4,076)	36,974
Net capital outlay	-	-	-
Long-term debt principal or interest payment	(12,166)	(12,166)	-
Excess (Deficiency) Of Revenues and Nonoperating Income Over Expenses, Capital Outlay and Debt Principal Payments	**$ 43,137**	**$ 103,364**	**$ 60,227**

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		$ 103,364
Capital expenditures	$ 4,076	
Depreciation and amortization	(18,394)	
Postemployment benefits accrual	4,866	
Pension Expense - GASB 68	303	
Long-term debt principal payments	12,166	
GASB 31 unrealized gain/loss	(426)	
Expense for noncapitalized projects	(1,635)	
Capital gain (losses) on investment	(344)	
Bond refunding costs amortization expense	(783)	
Interest Income Invest Premium/Discount	40	
Bond premium amortization	2,136	
Sub-total reconciling items		2,005
Change in net position, GAAP basis		**$ 105,369**

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Statistical
June 30, 2023

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.

San Mateo County Transit District

Net Position and Change in Net Position

Fiscal Years 2014 Through 2023 (in thousands)

Fiscal Year	2023	2022[1]	2021[2]	2020	2019	2018[3]	2017	2016	2015[4]	2014
Operating Revenues - Passenger Fares	$ 11,226	$ 8,913	$ 5,615	$ 11,690	$ 15,567	$ 15,742	$ 17,041	$ 18,078	$ 18,816	$ 18,557
Operating Expenses										
Salaries and benefits	83,740	53,620	70,253	83,438	75,467	67,851	60,665	58,598	55,382	60,001
Contract operations and maintenance	41,632	36,678	38,177	39,625	40,507	35,694	34,621	33,326	33,399	31,471
Other services	11,234	11,484	10,932	10,750	9,770	9,312	8,856	8,388	6,092	4,666
Materials and supplies	11,418	9,259	7,737	7,448	7,604	7,300	6,588	6,626	8,158	8,769
Insurance	13,134	4,519	9,534	8,575	5,306	3,603	6,651	4,505	4,171	(2,094)
Miscellaneous	12,588	9,123	9,613	10,812	9,128	8,139	7,598	6,656	5,784	5,514
Total operating expenses	173,746	124,683	146,246	160,648	147,782	131,899	124,979	118,099	112,986	108,327
Operating loss before depreciation, amortization and administrative expenses capitalized	(162,520)	(115,770)	(140,631)	(148,958)	(132,215)	(116,157)	(107,938)	(100,021)	(94,170)	(89,770)
Depreciation and amortization	(18,394)	(18,719)	(20,491)	(25,842)	(21,492)	(23,078)	(22,252)	(21,550)	(16,860)	(27,184)
Operating Loss	(180,914)	(134,489)	(161,122)	(174,800)	(153,707)	(139,235)	(130,190)	(121,571)	(111,030)	(116,954)
Nonoperating Revenues (Expenses)										
Operating assistance	272,494	241,629	250,472	206,031	160,416	144,802	135,910	126,254	124,097	126,786
Investment income	11,671	(8,188)	288	7,442	10,036	3,859	3,536	5,580	1,782	1,663
Interest expense	(6,644)	(7,045)	(7,270)	(7,497)	(10,954)	(11,145)	(11,249)	(11,226)	(9,896)	(15,559)
Caltrain service subsidy	-	-	(8,877)	(9,239)	(7,634)	(6,170)	(6,480)	(6,080)	(6,260)	(5,440)
Expense for noncapitalized projects	(1,635)	(4,155) [5]	-	-	-	-	-	-	-	-
Interagency administrative income	-	-	-	-	-	-	-	-	-	6,552
Other income, net	6,321	7,739	13,118	13,970	10,180	10,860	11,492	9,777	10,119	8,866
Total nonoperating revenues, net	282,207	229,980	247,731	210,707	162,044	142,206	133,209	124,305	119,842	122,868
Net income (loss) before capital contributions	101,293	95,491	86,609	35,907	8,337	2,971	3,019	2,734	8,812	5,914
Capital contributions	4,076	3,124	6,094	49,509	8,789	10,970	25,424	12,778	33,361	33,281
Change In Net Position	105,369	98,615	92,703	85,416	17,126	13,941	28,443	15,512	42,173	39,195
Restatement	-	-	364	-	-	(23,400)	-	-	(153,202)	-
Net Position Components										
Net investment in capital assets	151,793	159,345	171,967	184,402	156,626	165,481	171,022	167,850	176,616	(20,964)
Restricted	26,601	26,599	26,600	26,599	26,575	26,804	26,811	26,804	26,087	25,000
Unrestricted	278,272	165,353	53,970	(51,531)	(109,147)	(135,357)	(131,446)	(156,710)	(180,271)	129,425
Net Position	**$ 456,666**	**$ 351,297**	**$ 252,537**	**$ 159,470**	**$ 74,054**	**$ 56,928**	**$ 66,387**	**$ 37,944**	**$ 22,432**	**$ 133,461**

(1) 2022 restatement due to implementation of GASB 96.

(2) 2021 restatement due to implementation of GASB 87.

(3) 2018 restatement due to implementation of GASB 75.

(4) 2015 restatement due to implementation of GASB 68 and reversal of the BART contribution.

(5) Expense for noncapitalized projects was not classified prior to 2022.

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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Passenger fares (in thousands)	$ 11,226	$ 8,913	$ 5,615	$ 11,690	$ 15,567	$ 15,742	$ 17,041	$ 18,078	$ 18,816	$ 18,557
Revenue Base										
Number of passengers (in thousands)	8,529	6,957	4,503	8,734	10,671	11,133	11,817	12,794	13,488	12,784
Fare structure										
Adults local fare	$ 2.25	$ 2.25	$ 2.25	$ 2.25	$ 2.25	$ 2.25	$ 2.25	$ 2.25	$ 2.00	$ 2.00
Senior citizen/disabled/ Medicare cardholder	$ 1.10	$ 1.10	$ 1.10	$ 1.10	$ 1.10	$ 1.10	$ 1.10	$ 1.10	$ 1.00	$ 1.00
Youth	$ 1.10	$ 1.10	$ 1.10	$ 1.10	$ 1.10	$ 1.10	$ 1.10	$ 1.10	$ 1.25	$ 1.25
Redi-Wheels (Paratransit)	$ 4.25	$ 4.25	$ 4.25	$ 4.25	$ 4.25	$ 4.25	$ 3.75	$ 3.75	$ 3.75	$ 3.75
Sales tax rate [2]	0.75%	0.75%	0.75%	0.75%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Sales tax revenue (in thousands)	$ 176,626	$ 169,030	$ 140,411	$ 135,835	$ 100,729	$ 87,797	$ 84,353	$ 79,705	$ 80,975	$ 77,606
Taxable sales in San Mateo County (in thousands) [1]	$ 23,550,183	$ 22,537,305	$ 18,721,430	$ 18,800,000	$ 19,700,000	$ 17,900,000	$ 16,600,000	$ 15,941,000	$ 16,194,800	$ 15,521,200

[1] 2023 taxable sales are estimates based on sales tax revenues received; 2022 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 FY2022 Annual Comprehensive Financial Report.

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	2020 Peninsula Corridor Joint Powers Board Retail Transactions and Use Tax	City of Brisbane Transactions and Use Tax	City of Pacifica Transactions and Use tax	Total
2023	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%	0.125%	0.50% [12]	0.50% [13]	12.88%
2022	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%	0.13% [11]			12.88%
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% [10]				12.75%
2020	6.00%	1.25%	0.50%	0.50%	0.25%	0%	1.00% [8]	0.50%	0.50%	0.50%	0.25%	0.50%	0.50% [9]					12.25%
2019	6.00%	1.25%	0.50%	0.50%	0.25%	0%	0.50%	0.50%	0.50%	0.50%	0.25%	0.50% [7]						11.25%
2018	6.00%	1.25%	0.50%	0.50%	0.25%	0.00%	0.50%	0.50%	0.50%	0.50%	0.25% [6]							10.75%
2017	6.50% [2]	1.25%	0.50%	0.50%	0.25%	0.00%	0.50%	0.50%	0.50% [4]	0.50% [5]								11.00%
2016	6.50%	1.00%	0.50%	0.50%	0.25%	0.50%	0.50%	0.50% [3]										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%

[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] State sales tax and local sales tax effective January 1, 2017.
[3] South San Francisco Fiscal Stability & Essential Services Transactions and Use Tax (SSFR), tax effective April 1, 2016
[4] City of Belmont Transactions and Use Tax (BMTG), tax rates effective on April 1, 2017
[5] City of East Palo Alto Transactions and Use Tax (EPAG), tax rates effective on April 1, 2017
[6] City of Burlingame Transactions and Use Tax (BUEG), tax rates effective on April 1, 2018
[7] City of Redwood City Transactions and Use Tax (REDG), tax rates effective on April 1, 2019
[8] Measure W, tax rates effective on July 1, 2019
[9] City of San Bruno Transactions and Use Tax, tax rates effective on April 1, 2020
[10] City of Daly City Local Recovery and Relief Transactions and Use Tax, tax rates effective on April 1, 2021
[11] 2020 Peninsula Corridor Joint Powers Board Retail Transactions and Use Tax (JPBM), tax rates effective July, 1, 2021
[12] City of Brisbane Transactions and Use Tax, tax rates effective April 1, 2023
[13] City of Pacifica Transactions and Use Tax, tax rates effective April 1, 2023

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- Go to District Taxes, Rates, and Effective Dates

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

	FY2022			FY2013		
Major Industry Group	Rank	Percent of Sales Receipts	Amount	Rank	Percent of Sales Receipts	Amount
County & State Pool	1	22.1%	$ 46,690,305	4	12.3%	$ 17,489,507
Autos And Transportation	2	16.1%	34,150,755	2	16.5%	23,510,267
General Consumer Goods	3	15.6%	32,984,513	1	22.0%	31,380,311
Business And Industry	4	14.5%	30,750,165	6	11.5%	16,367,454
Restaurants And Hotels	5	11.8%	24,979,295	3	12.5%	17,835,410
Building And Construction	6	8.0%	16,842,542	7	8.0%	11,359,664
Fuel And Service Stations	7	7.3%	15,457,223	5	11.5%	16,430,985
Food And Drugs	8	4.5%	9,556,182	8	5.3%	7,594,234
Transfers & Unidentified	9	0.1%	180,780	9	0.3%	417,957
Total			**$ 211,591,760**			**$ 142,385,789**

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
2023	$ 171,446	$ 117,533	*	0.15%
2022	184,872	114,109	*	0.16%
2021	198,036	110,786	*	0.18%
2020	210,996	107,559	*	0.19%
2019	224,052	101,056	*	0.21%
2018	239,243	96,306		0.23%
2017	254,291	89,223		0.26%
2016	269,235	81,488		0.30%
2015	284,128	78,525		0.35%
2014	290,353	71,027		0.37%

[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 2021, 2022 and 2023 is based on an estimated three percent annual increase over 2020.

Source: County of San Mateo FY2022 Annual Comprehensive Financial Report.
This table presents the relationship between the revenue bonds and the total personal income of the residents.

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
2023	$ 171,446	$ 23,550,183 [1]	0.73%
2022	184,872	21,960,000	0.82%
2021	198,036	17,700,000	1.12%
2020	210,996	18,800,000	1.12%
2019	224,052	19,700,000	1.14%
2018	239,243	17,900,000	1.34%
2017	254,291	16,600,000	1.53%
2016	269,235	15,941,000	1.69%
2015	284,128	16,194,800	1.75%
2014	290,353	15,521,200	1.87%

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

Fiscal Years 2014 Through 2023 (in thousands)

Fiscal Year	Sales Tax Revenue	Principal *	Interest *	Total	Coverage
2023	$ 176,626	$ 11,290	$ 7,855	$ 19,145	9.23
2022	169,030	10,780	8,370	19,150	8.83
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

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]
2023	738,705 *	$ 117,533 *	$ 154,993 *	3.1%
2022	744,662	114,109 *	150,479 *	2.1%
2021	751,596	110,786 *	146,096 *	5.0%
2020	771,061	107,559	141,841	10.8%
2019	774,231	101,056	132,133	2.2%
2018	772,372	96,306	125,332	2.5%
2017	770,256	89,223	116,077	2.9%
2016	765,895	81,488	106,115	3.3%
2015	759,155	78,525	102,639	3.3%
2014	758,581	71,027	93,802	4.2%

[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.

*2023 Population growth is base on 0.8% decline from 2022.

*Personal Income and Per Capital Personal Income data for 2021, 2022, and 2023 is based on an estimated three percent annual increase over 2020. Source data for table is FY22 San Mateo County ACFR.

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 FY2022 Annual Comprehensive Financial Report.

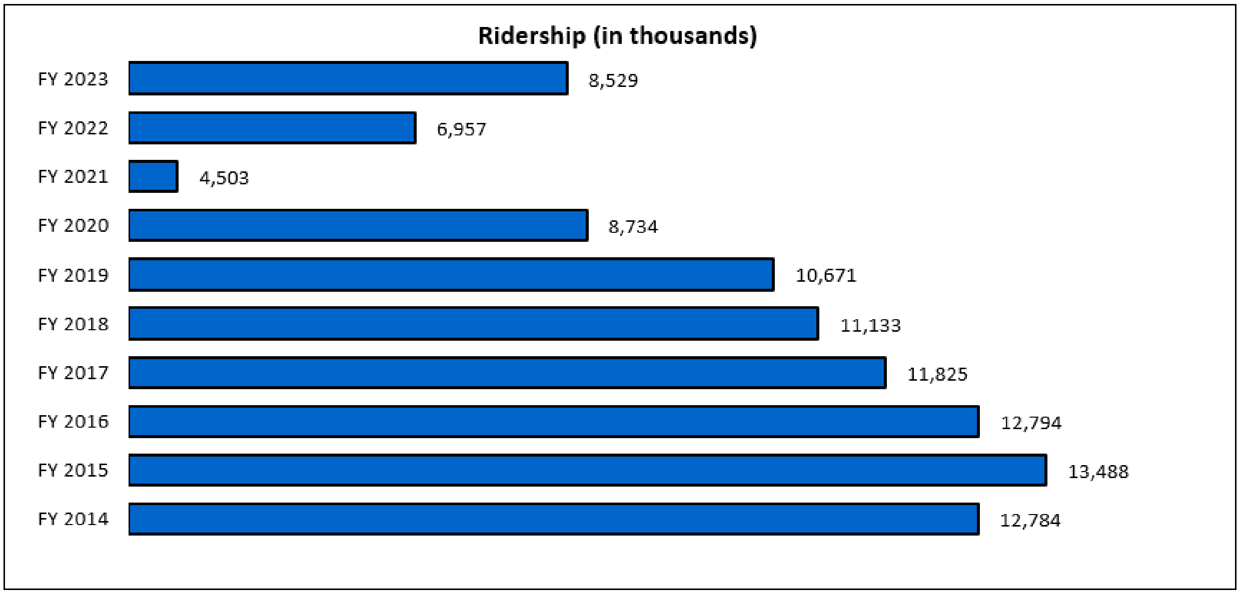
		2021*			2013		
Employers in San Mateo County	Business Type	Number of Employees	Rank	Percent of Total County Employment	Number of Employees	Rank	Percent of Total County Employment
Meta (Facebook Inc.)	Social Network	15,407	1	3.51%	2,865	7	0.75%
Genentech Inc.	Biotechnology	12,000	2	2.73%	8,800	2	2.30%
Oracle Corp.	Hardware and Software	9,149	3	2.08%	6,524	3	1.71%
United Airlines	Airline	7,894	4	1.80%	10,000	1	2.62%
County of San Mateo	Government	5,705	5	1.30%	5,929	4	1.55%
Gilead Sciences Inc.	Biotechnology	4,190	6	0.95%	2,596	8	0.68%
YouTube	Online Video-Streaming Platform	2,384	7	0.54%			
Sony Interactive Entertainment	Interactive Entertainment	1,855	8	0.42%			
Alaska Airlines	Airline	1,591	9	0.36%			
Electronic Arts Inc.	Video Game Developer & Publisher	1,478	10	0.34%			
Visa USA/Visa International	Global Payments Technology				2,895	6	0.76%
Kaiser Permanente	Healthcare				3,911	5	1.02%
Mills-Peninsula Health Services	Healthcare				2,200	9	0.58%
Safeway Inc.	Retail Grocer				2,195	10	0.57%
Total		**61,653**		**14.03%**	**47,915**		**12.54%**

* The latest information available for principal employers in the County.

This table presents the top 10 principal employers in San Mateo County for 2021 and 2013.

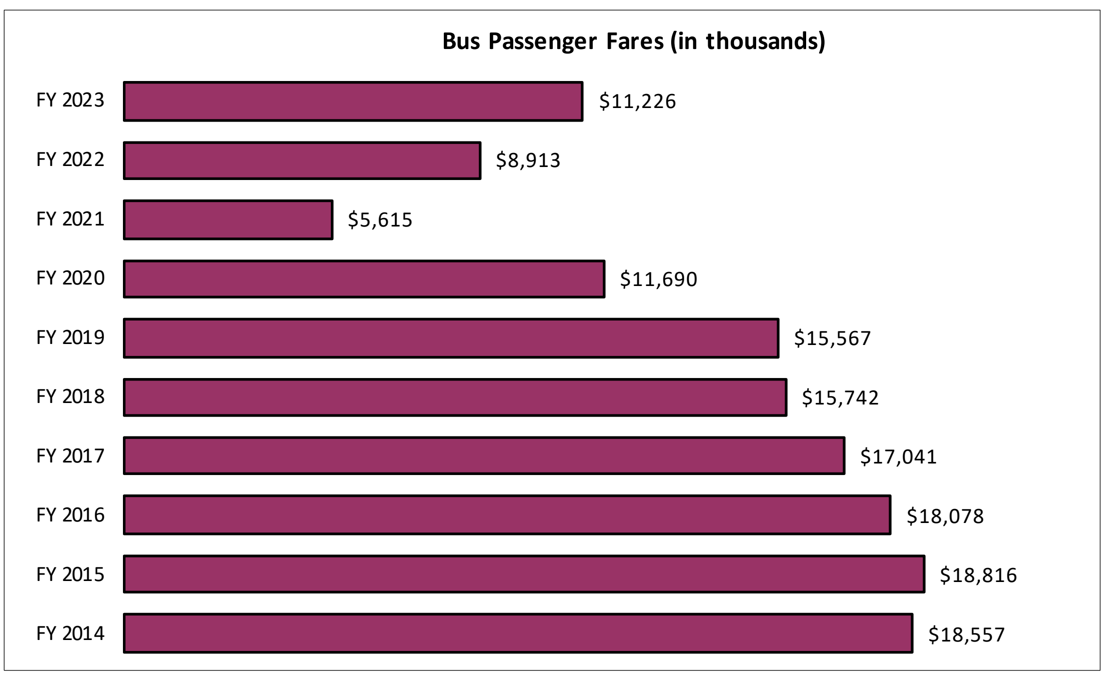
Source: San Francisco Business Times - 2022 Book of Lists; California Employment Development Department (provided by San Mateo County Controller's office) from the FY2022 County of San Mateo Annual Comprehensive Financial Reporting.

Fixed-Route Ridership



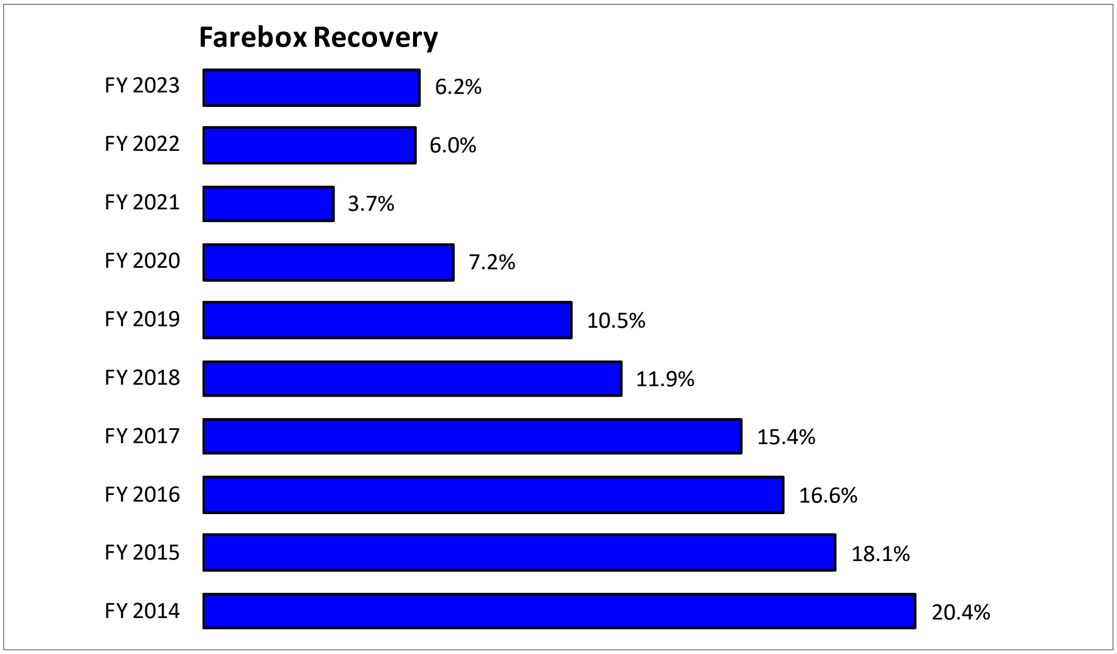
Ridership data presents total ridership for motor bus service and shuttle service.

Fixed-Route Passenger Fares

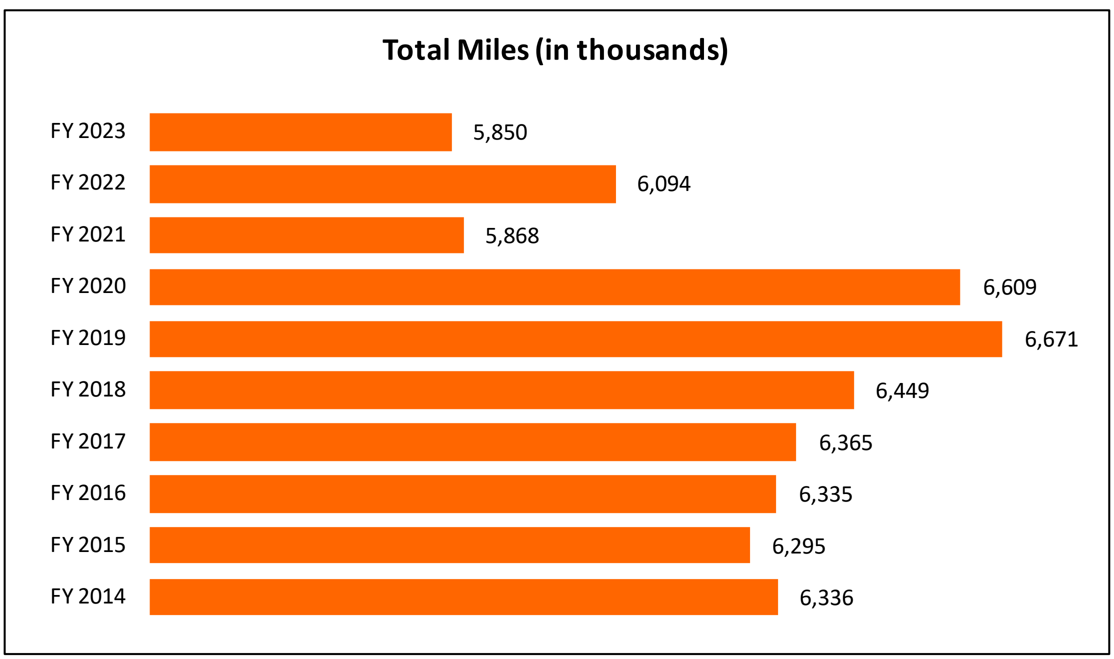


Bus passenger fares data presents the total bus fare revenue for each year.
Source: National Transportation Database.

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	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Caltrain Modernization Program	-	-	0.40	-	-	-	0.10	0.05	0.05	0.05
Customer Service and Marketing	26.4	29.38	28.49	29.15	34.36	31.39	28.46	23.95	25.34	28.22
Executive	3.95	3.75	3.50	3.50	3.59	3.99	5.12	3.60	3.67	3.55
Finance and Administration	118.2	106.83	96.23	95.64	83.07	82.39	79.02	64.12	68.50	66.72
Operations, Engineering, and Construction	533.57	493.11	541.70	506.65	472.9	465.40	471.88	453.82	454.27	457.54
Planning and Development	17.15	16.15	7.26	6.86	6.46	8.71	7.66	5.63	8.20	7.80
Public Affairs	-	-	-	-	-	-	-	5.15	5.00	5.00
Total	699.27	649.22	677.58	641.80	600.38	591.88	592.24	556.32	565.03	568.88

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.

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Depreciable capital assets										
Buses and bus equipment	$ 200,080	$ 200,000	$ 222,823	$ 220,442	$ 176,969	$ 164,038	$ 157,353	$ 153,955	$ 167,272	$ 149,751
Buildings and building improvements	76,803	75,517	75,127	72,961	73,303	70,212	69,031	64,868	64,838	64,815
Maintenance and other equipment	35,133	32,907	30,333	29,685	27,546	34,982	33,642	32,063	6,523	5,822
Furniture and fixtures	30,692	29,981	30,023	29,989	33,295	35,240	33,861	31,734	19,656	20,272
Shelters and bus stop signs	11,878	11,878	10,393	10,393	10,372	592	592	592	592	579
Right-to-use subscription assets	3,335	2,332	2,332	-	-	-	-	-	-	-
Right-to-use leased equipment	-	102	18	-	-	-	-	-	-	-
Other vehicles	2,524	2,483	3,000	2,518	2,467	2,496	2,273	2,159	2,159	2,226
Total depreciable capital assets	360,445	355,200	374,049	365,988	323,952	307,560	296,752	285,371	261,040	243,465
Accumulated Depreciation for										
Buses and bus equipment	(138,787)	(127,678)	(135,452)	(119,797)	(112,603)	(91,889)	(102,607)	(93,847)	(97,574)	(86,157)
Buildings and building improvements	(66,346)	(64,659)	(63,456)	(62,236)	(61,284)	(58,874)	(56,630)	(53,812)	(51,601)	(49,387)
Maintenance and other equipment	(30,397)	(29,438)	(28,409)	(27,487)	(22,406)	(16,810)	(16,770)	(10,599)	(4,715)	(4,015)
Furniture and fixtures	(30,055)	(29,944)	(29,993)	(29,946)	(27,008)	(35,036)	(24,619)	(20,782)	(17,241)	(16,765)
Shelters and bus stop signs	(6,026)	(4,938)	(3,783)	(2,845)	(1,299)	(590)	(585)	(580)	(575)	(558)
Right-to-use subscription assets	(1,374)	(545)	-	-	-	-	-	-	-	-
Right-to-use leased equipment	-	(23)	(7)	-	-	-	-	-	-	-
Other vehicles	(1,918)	(1,694)	(1,970)	(1,817)	(1,768)	(1,923)	(1,798)	(1,990)	(1,876)	(1,711)
Total accumulated depreciation and amortization	(274,903)	(258,919)	(263,070)	(244,128)	(226,368)	(205,122)	(203,009)	(181,610)	(173,582)	(158,593)
Nondepreciable Capital Assets										
Land	56,915	56,915	56,915	56,915	53,855	53,855	53,855	53,855	53,855	53,855
Construction in progress	11,105	7,870	6,416	5,627	5,187	9,188	23,424	10,234	35,303	21,323
Total nondepreciable capital assets	68,020	64,785	63,331	62,542	59,042	63,043	77,279	64,089	89,158	75,178
Capital Assets, Net	**$ 153,562**	**$ 161,066**	**$ 174,310**	**$ 184,402**	**$ 156,626**	**$ 165,481**	**$ 171,022**	**$ 167,850**	**$ 176,616**	**$ 160,050**

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

Source: Current and prior years' Annual Comprehensive Financial Reports