

# **City of San Mateo**

## **Transportation Development Act Fund**

San Mateo, California

*Financial Statements and  
Independent Auditors' Reports*

*For the years ended June 30, 2020 and 2019*



City of San Mateo Transportation Development Act Fund  
Financial Statements  
For the years ended June 30, 2020 and 2019  
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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of City Council  
of the City of San Mateo  
San Mateo, California

We have audited the accompanying financial statements of the Transportation Development Act Fund (TDA Fund) of the City of San Mateo, California (City), as of and for the year ended June 30, 2020 and 2019, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

To the Honorable Mayor and Members of City Council  
of the City of San Mateo  
San Mateo, California  
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## **Opinion**

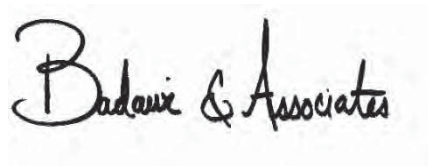
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the TDA Fund of the City as of June 30, 2020 and 2019, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the TDA Fund and do not purport to, and do not, present fairly the financial positions of the City as of June 30, 2020 and 2019, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020, on our consideration of the City'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 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 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 City's internal control over financial reporting and compliance.

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Badawi & Associates  
Certified Public Accountants  
Berkeley, California  
November 30, 2020

**City of San Mateo**  
**Transportation Development Act Fund**  
**Balance Sheets**  
**June 30, 2020 and 2019**

	2020	2019
<b>ASSETS</b>		
Intergovernmental receivables	\$ 31,773	\$ 56,000
<b>Total assets</b>	<b>\$ 31,773</b>	<b>\$ 56,000</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Due to City of San Mateo	\$ 31,773	\$ 56,000
<b>Total liabilities</b>	<b>31,773</b>	<b>56,000</b>
<b>Deferred inflows of resources:</b>		
Unavailable revenues	-	56,000
<b>Fund Balances:</b>		
Unassigned	-	(56,000)
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 31,773</b>	<b>\$ 56,000</b>

# City of San Mateo

## Transportation Development Act Fund

### Statements of Revenues, Expenditures and Changes in Fund Balances

For the years ended June 30, 2020 and 2019

	2020	2019
<b>Revenues:</b>		
TDA Revenues	\$ 99,617	\$ -
<b>Total Revenues</b>	<u>99,617</u>	<u>-</u>
<b>Expenditures:</b>		
San Mateo Bicycle Master Plan Update	43,617	56,000
<b>Total Expenditures</b>	<u>43,617</u>	<u>56,000</u>
<b>Net change in fund balances</b>	56,000	(56,000)
<b>Fund Balances:</b>		
Beginning of year	(56,000)	-
End of year	<u>\$ -</u>	<u>\$ (56,000)</u>

See accompanying Notes to Financial Statements.



**City of San Mateo Transportation Development Act Fund**  
**Notes to Financial Statements**  
**For the years ended June 30, 2020 and 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***A. Reporting Entity***

The City of San Mateo (City) has received funds under the Transportation Development Act (TDA), Article 3.0 which provides funding for the Bay to Transit Trail project and the City-wide Bicycle Parking project. The projects are funded by the Metropolitan Transportation Commission (MTC). All transactions of the Transportation Development Act Fund (TDA Fund) of the City of San Mateo (City) are included as a separate capital projects fund in the basic financial statements of the City. The financial statements are intended to present the TDA Fund, and not the financial position and the changes in fund balances of the City as a whole.

***B. Basis of Accounting and Measurement Focus***

The accompanying financial statements are prepared on the modified accrual basis of accounting. Revenues are generally recorded when measurable and available (generally 60 days after year-end), and expenditures are recorded when the related liabilities are incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus, wherein only current assets and current liabilities generally are included on the balance sheet. Operating statements of governmental funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

***C. Fund Accounting***

The operations of the TDA Fund are accounted for in a separate capital projects fund. The fund is a separate accounting entity with a set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenses.

***D. Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**City of San Mateo Transportation Development Act Fund**  
**Notes to Financial Statements**  
**For the years ended June 30, 2020 and 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**E. Receivables**

During the course of normal operations, the fund carries various receivable balances for unreimbursed eligible TDA expenditures.

**F. Deferred inflows of resources**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**G. Fund balance**

The TDA fund balance is restricted by third party to be used in accordance with the Transportation Development Act (TDA). The fund had a deficit balance and reported the fund balance as unassigned as of June 30, 2019. The TDA funds are distributed on a reimbursement basis for which a claim has yet to be filed, which resulted in the fund having a deficit balance.

**2. TDA ARTICLE 3.0 REVENUES**

During the fiscal years ended June 30, 2020 and 2019, the City expended amounts against authorized TDA allocation instructions from the Metropolitan Transportation Commission for the following projects:

Project Name	Allocation Instruction #	Grant	Expenditures	
			2020	2019
San Mateo Bicycle Master Plan Update	18001088	\$ 99,617	\$ 43,617	\$ 56,000
TOD Pedestrian Access Study	20001111	75,117	-	-
San Mateo Drive Sustainable Streets Projects	16001068	400,000	-	-

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of City Council  
of the City of San Mateo  
San Mateo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Transportation Development Act Fund (TDA Fund) of the City of San Mateo, California (City), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 30, 2020.

**Internal Control Over Financial Reporting**

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

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

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

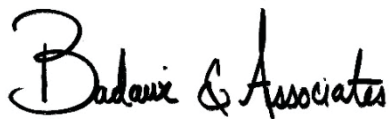
To the Honorable Mayor and Members of City Council  
of the City of San Mateo  
San Mateo, California  
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### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

A stylized, handwritten signature in black ink that reads "Badawi & Associates". The signature is fluid and cursive, with the first letter of "Badawi" being a large, prominent capital 'B'.

Badawi & Associates  
Certified Public Accountants  
Berkeley, California  
November 30, 2020

## INDEPENDENT AUDITORS' REPORT ON TRANSPORTATION DEVELOPMENT ACT FUNDS COMPLIANCE

To the Honorable Mayor and Members of City Council  
of the City of San Mateo  
San Mateo, California

### **Compliance**

We have audited the City of San Mateo's (City) compliance with the types of compliance requirements described in Section 6666 of the *Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987* (the Act) and the allocation instructions and resolutions of the Metropolitan Transportation Commission applicable to the City's Transportation Development Act Fund (TDA Fund) for the years ended June 30, 2020 and 2019.

### **Management's Responsibility**

Compliance with the requirements referred to above is the responsibility of the City's management.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Audit Standards* issued by the Comptroller General of the United States; Section 6666 of the *Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987* (the Act) and the allocation instructions and resolutions of the Metropolitan Transportation Commission. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the TDA Fund occurred. An audit also includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

### **Opinion**

In our opinion the City complied, in all material respects, with the compliance requirements referred to above that are applicable to the Transportation Development Act funds for the years ended June 30, 2020 and 2019.

To the Honorable Mayor and Members of City Council  
of the City of San Mateo  
San Mateo, California

### **Internal Control Over Compliance**

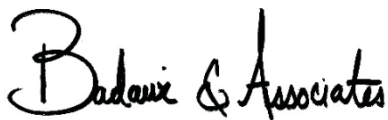
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the Act. Accordingly, this report is not suitable for any other purpose.

This report is intended for the information of the Mayor, City Council Members, management, and the Metropolitan Transportation Commission and is not intended to be and should not be used by anyone other than these specified parties.

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Badawi & Associates  
Certified Public Accountants  
Berkeley, California  
November 30, 2020