

City of San Mateo Transportation Development Act Fund

San Mateo, California

Independent Auditors' Report and Basic Financial Statements

For the Years Ended June 30, 2021 and 2020



**City of San Mateo
Transportation Development Act Fund
Financial Statements
For the Years Ended June 30, 2021 and 2020**

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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

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, 2021, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the TDA Fund of the City as of June 30, 2021, and the change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Honorable Mayor and Members
of the City Council of the City of San Mateo
San Mateo, California
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2020 Financial Statements

The TDA Fund's financial statements for the year ended June 30, 2020, were audited by other auditors whose report thereon dated November 30, 2020, expressed an unmodified opinion.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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, 2021, the change in financial position, or, where applicable, its cash flows, 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 29, 2021, 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.

The PwC Group, LLP

Walnut Creek, California
November 29, 2021

City of San Mateo
Transportation Development Act Fund
Balance Sheets
June 30, 2021 and 2020

	2021	2020
ASSETS		
Intergovernmental receivable	\$ 400,000	\$ 31,773
Total assets	\$ 400,000	\$ 31,773
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Due to City of San Mateo	400,000	31,773
Total liabilities	400,000	31,773
FUND BALANCE:		
Unassigned	-	-
Total fund balances	-	-
Total liabilities and fund balances	\$ 400,000	\$ 31,773

City of San Mateo
Transportation Development Act Fund
Statements of Revenues, Expenditures, and Changes in Fund Balance
For the Years Ended June 30, 2021 and 2020

	2021	2020
REVENUES:		
TDA revenues	\$ 400,000	\$ 99,617
Total revenues	400,000	99,617
 EXPENDITURES:		
San Mateo Drive Sustainable Streets Project	400,000	-
San Mateo Bicycle Master Plan Update	-	43,617
Total expenditures	400,000	43,617
 Net change in fund balance	-	56,000
 FUND BALANCE:		
Beginning of year	-	(56,000)
End of year	\$ -	\$ -

City of San Mateo
Transportation Development Act Funds
Notes to Basic Financial Statements
For the Years Ended June 30, 2021 and 2020

Note 1 – Summary of Significant Accounting Principles

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.

E. Receivables

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

F. Fund Balance

The TDA fund balance is restricted by third party to be used in accordance with the Transportation Development Act (TDA). 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.

City of San Mateo
Transportation Development Act Funds
Notes to Basic Financial Statements (Continued)
For the Years Ended June 30, 2021 and 2020

Note 2 – TDA Article 3.0 Revenues

During the fiscal years ended June 30, 2021 and 2020, the City expended amounts against authorized TDA allocation instructions from the Metropolitan Transportation Commission for the following projects:

Project Name	Allocation Instruction #	Grant	Expenditures	
			2021	2020
San Mateo Bicycle Master Plan Update	18001088	\$ 99,617	\$ -	\$ 43,617
San Mateo Drive Sustainable Streets Project	16001068	400,000	400,000	-

**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***

Independent Auditors' Report

To the Honorable Mayor and Members
of the 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 accompanying financial statements of the Transportation Development Act Fund (the “TDA Fund”) of the City of San Mateo, California (the “City”), as of and for the year ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated November 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over the TDA Fund’s 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s TDA Fund 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*.

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

The Pev Group, LLP

Walnut Creek, California
November 29, 2021



INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined management of the City of San Mateo's (the "City") assertion, regarding the City's 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 year ended June 30, 2021. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, management's assertion that the City complied with the aforementioned requirements for the year ended June 30, 2021, is fairly stated, in all material respects.

This report is intended solely for the information and use of the members 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. However, this report is a matter of public record, and its distribution is not limited.

Walnut Creek, California
November 29, 2021

