

City of San Mateo Transportation Development Act Fund

San Mateo, California

Independent Auditors' Report and Basic Financial Statements

For the Years Ended June 30, 2022 and 2021



**City of San Mateo
Transportation Development Act Fund
Financial Statements
For the Years Ended June 30, 2022 and 2021**

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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

Opinion

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 years ended June 30, 2022 and 2021, and the related notes to the financial statements, as listed in the table of contents.

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, 2022 and 2021, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. 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 City, 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 opinion.

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, 2022 and 2021, the change in financial position, or, where applicable, its cash flows, for the years 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.

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 TDA Fund'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.

Auditors' 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 generally accepted 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 generally accepted 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 City's internal control of the TDA Fund. 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 TDA Fund'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

Management has omitted 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 are not affected by this missing information.

To the Honorable Mayor and Members
of the City Council of the City of San Mateo
San Mateo, California
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2022, 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 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 TDA Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the TDA Fund's internal control over financial reporting and compliance.

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Walnut Creek, California
December 2, 2022

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City of San Mateo
Transportation Development Act Fund
Balance Sheets
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Intergovernmental receivable	\$ 75,117	\$ 400,000
Total assets	<u><u>\$ 75,117</u></u>	<u><u>\$ 400,000</u></u>
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Due to City of San Mateo	75,117	400,000
Total liabilities	<u>75,117</u>	<u>400,000</u>
FUND BALANCE:		
Unassigned	-	-
Total fund balances	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u><u>\$ 75,117</u></u>	<u><u>\$ 400,000</u></u>

City of San Mateo
Transportation Development Act Fund
Statements of Revenues, Expenditures, and Changes in Fund Balance
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
REVENUES:		
TDA revenues	\$ 75,117	\$ 400,000
Total revenues	<u>75,117</u>	<u>400,000</u>
EXPENDITURES:		
San Mateo Drive Sustainable Streets Project	-	400,000
TOD Pedestrian Access Study	<u>75,117</u>	<u>-</u>
Total expenditures	<u>75,117</u>	<u>400,000</u>
Net change in fund balance	-	-
FUND BALANCE:		
Beginning of year	<u>-</u>	<u>-</u>
End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of San Mateo
Transportation Development Act Funds
Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

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 fund balances.

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 expenditures.

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).

City of San Mateo
Transportation Development Act Funds
Notes to Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 2 – TDA Article 3.0 Revenues

During the fiscal years ended June 30, 2022 and 2021, the City expended amounts against authorized TDA allocation instructions from the Metropolitan Transportation Commission for the following projects:

Project Name	Allocation Instruction #	Grant	Expenditures	
			2022	2021
TOD Pedestrian Access Study	20001111	\$ 75,117	\$ 75,117	\$ -
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 years ended June 30, 2022 and 2021, and the related notes to the financial statements, and have issued our report thereon dated December 2, 2022.

Internal Control Over Financial Reporting

In planning and performing our audits 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 opinion 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 the 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 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*.

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.

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Walnut Creek, California
December 2, 2022



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, 2022. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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, 2022, 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
December 2, 2022

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