



**City/County Association of Governments
of San Mateo County**

Atherton • Belmont • Brisbane • Burlingame • Colma • Daly City • East Palo Alto • Foster City • Half Moon Bay • Hillsborough • Menlo Park
Millbrae • Pacifica • Portola Valley • Redwood City • San Bruno • San Carlos • San Mateo • San Mateo County • South San Francisco • Woodside

C/CAG FINANCE COMMITTEE AGENDA

Date: Wednesday, November 29, 2023	Join by Zoom Webinar: https://us02web.zoom.us/j/82130576676?pwd=YUpDTzdTRmk0MnZYS2V3RWgrQlFqQT09
Time: 12:00 p.m.	Zoom Webinar ID: 821 3057 6676
Primary Location: San Mateo City Hall Conference Room C 300 W. 20th Ave San Mateo, CA 94403	Password: 377903
	Join by Phone: (669) 900-6833

*****HYBRID MEETING - IN-PERSON AND BY VIDEOCONFERENCE*****

This meeting of the C/CAG Finance Committee will be held in person and by teleconference pursuant to Government Code Section 54953(e). Members of the public will be able to participate in the meeting remotely via the Zoom platform or in person at the location above. The Committee welcomes comments, including criticism, about the policies, procedures, programs, or services of the agency, or of the acts or omissions of the Board and committees. Speakers shall not disrupt, disturb, or otherwise impede the orderly conduct of a Board meeting. For information regarding how to participate in the meeting, either in person or remotely, please refer to the instructions at the end of the agenda.

- | | | |
|--|--------------|--------------|
| 1. CALL TO ORDER | Chair Colson | No materials |
| 2. BRIEF OVERVIEW OF TELECONFERENCE MEETING PROCEDURES | Wever | No materials |
| 3. PUBLIC COMMENT ON RELATED ITEMS NOT ON THE AGENDA
<i>Note: Public comment is limited to two minutes per speaker. Please refer to the instructions at the end of this agenda for details regarding how to provide public comments. Members of the public who wish to address the Committee should complete a speaker's slip to make a public comment in person or raise their hand in Zoom to speak virtually</i> | Chair Colson | No materials |
| 4. Approval of minutes of August 23, 2023 meeting. (Action) | Wever | Page 1-2 |
| 5. Receive copies of monthly investment statements for July, August and September 2023. (Information) | Wever | Page 3-21 |

6. Review of the quarterly investment report and recommend modifications to the C/CAG investment portfolio as needed. (Action)	Charpentier/Harris	Page 22-27
7. Accept the C/CAG Financial Statements (Audit) for Fiscal Year Ended June 30, 2023 and communicate with representative from auditing firm. (Action)	Charpentier	Page 28-94
8. Accept the following C/CAG Programs Audits:	Charpentier	
8A. Accept the C/CAG State Transportation Improvement Program (STIP) Planning, Programming & Monitoring Program (PPM) Final Project Expenditure Audit Report from July 1, 2022 through June 30, 2023 (Action)		Page 95-108
8B. Accept the Measure M Fund Financial Statements (Audit) for the Year Ended June 30, 2023. (Action)		Page 109-128
9. Review and approve the 2024 Finance Committee Meeting Calendar. (Action)	Wever	Page 129
10. Presentation on CAMP Fund (Information)	Wever	Page 130

ADJOURN

The next regularly scheduled meeting will be on February 21, 2024.

PUBLIC NOTICING: All notices of C/CAG regular Board meetings, standing committee meetings, and special meetings will be posted at the San Mateo County Court Yard, 555 County Center, Redwood City, CA, and on C/CAG's website at: <http://www.ccag.ca.gov>.

PUBLIC RECORDS: Public records that relate to any item on the open session agenda for a regular Finance Committee meeting, standing committee meeting, or special meeting are available for public inspection. Those public records that are distributed less than 72 hours prior to a regular Finance Committee meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members, of the Finance Committee. The Finance Committee has designated the City/County Association of Governments of San Mateo County (C/CAG), located at 555 County Center, 5th Floor, Redwood City, CA 94063, for the purpose of making public records available for inspection. Such public records are also available on C/CAG's website at: <http://www.ccag.ca.gov>. Please note that C/CAG's office is temporarily closed to the public; please contact Kim Wever at (650) 599-1451 to arrange for inspection of public records.

PUBLIC PARTICIPATION DURING VIDEOCONFERENCE MEETINGS: Persons with disabilities who require auxiliary aids or services to participate in this meeting should contact Kim Wever at (650) 599-1451, five working days prior to the meeting date.

Written comments should be emailed in advance of the meeting. Please read the following instructions carefully:

1. Your written comment should be emailed to kwever@smcgov.org.
2. Your email should include the specific agenda item on which you are commenting or note that your comment concerns an item that is not on the agenda.
3. Members of the public are limited to one comment per agenda item.
4. The length of the emailed comment should be commensurate with the two minutes customarily allowed for verbal comments, which is approximately 250-300 words.
5. If your emailed comment is received at least 2 hours prior to the meeting, it will be provided to the C/CAG Finance Committee members and made publicly available on the C/CAG website along with the agenda. We cannot guarantee that emails received less than 2 hours before the meeting will be made publicly available on the C/CAG website prior to the meeting, but such emails will be included in the administrative record of the meeting.

Spoken comments will be accepted during the meeting through Zoom. Please read the following instructions carefully:

1. The C/CAG Finance Committee meeting may be accessed through Zoom at the online location indicated at the top of this agenda.
2. You may download the Zoom client or connect to the meeting using an internet browser. If using your browser, make sure you are using a current, up-to-date browser: Chrome 30+, Firefox 27+, Microsoft Edge 12+, Safari 7+. Certain functionality may be disabled in older browsers including Internet Explorer.
3. You will be asked to enter an email address and name. We request that you identify yourself by your name as this will be visible online and will be used to notify you that it is your turn to speak.
4. When C/CAG Staff or Chair calls for the item on which you wish to speak, click on “raise hand”, and if you joined the meeting by phone, dial *9 to raise hand. Staff will activate and unmute speakers in turn. Speakers will be notified shortly before they are called on to speak. When called, please limit your remarks to the time allotted.

If you have any questions about this agenda, please contact Sean Charpentier at scharpentier@smcgov.org or Kim Wever at kwever@smcgov.org

**CITY/COUNTY ASSOCIATION OF GOVERNMENTS
FINANCE COMMITTEE
MEETING MINUTES
August 23, 2023**

In compliance with the provisions of the Government Code section 54953(e), this meeting of the C/CAG Finance Committee was held in person and by teleconference.

Committee Members Attending In-Person:

Davina Hurt (City of Belmont)
Donna Colson (City of Burlingame)
Ricardo Ortiz (City of Burlingame) *arrived at 12:21 P.M.*
Carlos Romero (City of East Palo Alto)
Adam Rak (City of San Carlos)

Guests or Staff Attending In-Person:

Sean Charpentier, Kaki Cheung, Kim Wever – C/CAG Staff
Paul Harris, Tammy Mak – City of San Carlos Finance Staff

Guests or Staff Attending Remotely:

1. Call to order/Roll Call

At 12:04 P.M. Chair Colson called the Finance Committee meeting to order.

2. Public comment on related items not on the agenda.

C/CAG Executive Director Sean Charpentier welcomed City of San Carlos staff. Paul Harris, Financial Services Manager, and Tammy Mak, Senior Accountant, introduced themselves.

3. Approval of minutes of May 24 2023 meeting. (Action)

Motion – To approve the minutes of the May 24, 2023 Finance Committee meeting, Romero/Hurt. All members in attendance voted to approve. Motion passed.

4. Receive copies of monthly investment statements for April, May, and June 2023 (Information)

Committee members reviewed the investment statements, cash flow reports, and the investment summary page.

5. Review of the quarterly investment report and recommend modifications to the C/CAG investment portfolio as needed. (Action)

C/CAG Executive Director Sean Charpentier stated that the total C/CAG portfolio asset allocation at the end of the quarter was 59.8% to LAIF and 40.2% to the CoPool Fund, which is within the stated investment policy allocation ranges and Sean recommended no modifications at this time.

Chair Colson shared highlights from the market summary. Chair Colson and the Committee members recommended no modifications to the C/CAG investment portfolio.

C/CAG Executive Sean Charpentier updated Committee Members from last meeting's debt ceiling discussion that C/CAG staff successfully received CTC approval on allocating CRSSA funds to the Smart Corridor and 92/101 area improvements projects.

Motion – To recommend no change to the C/CAG investment portfolio. The Committee guided staff to continue monitoring the interest rates, Hurt/Rak. All members in attendance voted to approve. Motion passed.

6. Review and recommend approval of the C/CAG Investment Policy annual update. (Action)

C/CAG Executive Director Sean Charpentier summarized the updates to the C/CAG Investment Policy. The proposed modifications to the C/CAG Investment Policy from staff are based on CDIAC guidelines updated on 1/1/2023. Additionally, Sean recommended the amend the policy to remove on page 10 “The Finance Committee guided staff...” since the allocation ranges are already stated above.

The Committee also proposed the following amendments to the policy:

1. On page 10: Remove 1st and 2nd sentence of Derivative Investments and add “Derivatives are financial instruments whose performance is derived, at least in part, from the performance of an underlying asset, security or index.”
2. On page 6: Typo with double commas between pool and may under LAIF item
3. On page 9: San Carlos staff to look into 10% under Treasury Obligations.

Member Romero asked the Committee if there was interest in the CAMP Pool and requested staff to add an informational item to next meeting's agenda.

Motion – To recommend approval of the C/CAG Investment Policy annual update as amended, Romero/Ortiz. All members in attendance voted to approve. Motion passed.

7. Adjournment.

The meeting adjourned at approximately 12:42 P.M.

C/CAG AGENDA REPORT

Date: November 29, 2023

To: C/CAG Finance Committee

From: Sean Charpentier, Executive Director

Subject: Receive copies of monthly investment statements for July, August, and September 2023

(For further information contact Kim Wever at kwever@smcgov.org)

RECOMMENDATION

That the C/CAG Finance Committee receives copies of monthly investment statements for July, August, and September 2023.

FISCAL IMPACT

None

SOURCE OF FUNDS

C/CAG funds are held by the C/CAG Financial Agent (City of San Carlos)

BACKGROUND

The current C/CAG Investment Policy states that the C/CAG Finance Committee shall analyze investment portfolio at least every quarter. Attached are the monthly statements for C/CAG investment funds for the quarter ending on September 30, 2023.

ATTACHMENTS

1. C/CAG's Monthly Major Cash Inflows and Outflows, LAIF, and SMC Investment Fund Summary for July, August, and September 2023
2. LAIF Performance Report Quarter Ending September 30, 2023.
3. San Mateo County Treasurer's Office Pool Participants Distribution September 30, 2023.
4. County Summary of Pool Earnings for July, August, and September 2023.
5. Overview of Market and Investment Statements Quarter Ending September 30, 2023.

July Cash Flow

CITY & COUNTY ASSOCIATION OF GOVERNMENTS
 Recap of Monthly Major Cash Inflows and Outflows
 for Quarter Ended September 30, 2023

Major Cash Inflows and Outflows

Month	Program	From/To	Amount - In/(Out)
Jul 2023	Beginning book balance (Checking)		1,382,691
		Brisbane, Burlingame, Half Moon Bay, Atherton, Pacifica, Colma, and	
	Member Contributions	Woodside, San Bruno	55,967
	Measure M	DMV	631,324
		Metropolitan Transportation Commission, Colma, Pacifica, Woodside,	
	Congestion Relief & Management	Burlingame, Atherton, Half Moon Bay, Brisbane, San Bruno	837,362
	Energy Watch	PG&E	36,031
	All other Receipts (1)	WF Interest	11,413
	Transfer	San Mateo County Pool	1,374,659
	Transfer	LAIF	2,500,000
		Total Jul Cash Inflow	5,446,756
	Smart Corridor	Kimley-Horn & Assoc, Aegis ITS, Iteris Inc	(205,974)
		Kittelson & Associates, San Mateo County, Steer/Davies/Gleave, TJKM, Fehr &	
	Congestion Relief & Management	Peers Associates, William R Gray & Co.Mairposa Planning,	
		Shaw/Yoder/Antwih Inc	(349,962)
	Bay Area Air Quality	San Mateo County, Millbrae, Daly City	(153,000)
	Express Lane JPA	County of San Mateo	(22,853)
		EOA Inc., County of San Mateo, BAWSCA, Colantuono/Highsmith/Whatley,	
	NPDES	Clear Creek Solutions, Ken Brown	(169,486)
	Energy Watch	San Mateo County, Redwood City	(137,708)
	Measure M	EOA Inc., County of San Mateo, Redwood City, Placeworks	(2,043,624)
	All other payments (10)	various	(101,021)
	Transfer	LAIF	(2,500,000)
		Total Jul Cash Outflow	(5,683,627)
		Net Cash Inflow/(Outflow)	(236,870)
	Ending book balance (Checking)		1,145,821

California State Treasurer
Fiona Ma, CPA



July LAIF Statement

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

August 11, 2023

[LAIF Home](#)
[PMIA Average Monthly Yields](#)

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY
FINANCE OFFICER
600 ELM STREET
SAN CARLOS, CA 94070

[Tran Type Definitions](#)

Account Number: 40-41-004

July 2023 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
7/12/2023	7/11/2023	RW	1731441	N/A	REBECCA MENDENHALL	-2,500,000.00
7/14/2023	7/19/2023	QRD	1734924	N/A	SYSTEM	122,774.29
7/31/2023	7/31/2023	RD	1736936	1697334	REBECCA MENDENHALL	2,500,000.00

Account Summary

Total Deposit:	2,622,774.29	Beginning Balance:	16,365,012.93
Total Withdrawal:	-2,500,000.00	Ending Balance:	16,487,787.22



San Mateo County Treasurer
555 County Center
Redwood City, 94063
(650) 599-1251 or (650) 599-7206

July County Pool Statement
Statement Ending Date: 7/31/2023
Account: 03412

STATEMENT OF ACCOUNT

City/County Association of Governments - 03412

DATE	DESCRIPTION	DEBITS	CREDITS	ACCOUNT BALANCE
6/30/2023	Balance brought forward			\$10,997,275.08
7/1/2023	FY22-23 Interest Allocation Q4		\$81,516.42	\$11,078,791.50
7/31/2023	Wire Out	\$1,374,659.38		\$9,704,132.12
7/31/2023	Ending Balance			\$9,704,132.12

California State Treasurer
Fiona Ma, CPA



August LAIF Statement

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

September 01, 2023

[LAIF Home](#)
[PMIA Average Monthly Yields](#)

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY
FINANCE OFFICER
600 ELM STREET
SAN CARLOS, CA 94070

[Tran Type Definitions](#)

//

Account Number: 40-41-004

August 2023 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
8/11/2023	8/10/2023	RW	1737424	1697815	REBECCA MENDENHALL	-750,000.00

Account Summary

Total Deposit:	0.00	Beginning Balance:	16,487,787.22
Total Withdrawal:	-750,000.00	Ending Balance:	15,737,787.22

CITY & COUNTY ASSOCIATION OF GOVERNMENTS
Recap of Monthly Major Cash Inflows and Outflows
for Quarter Ended September 30, 2023

August Cash Flow

Major Cash Inflows and Outflows

Month	Program	From/To	Amount - In/(Out)
Aug 2023	Beginning book balance (Checking)		1,145,821
	Member Contributions	Belmont, Foster City, Hillsborough, Sab Mateo, East Palo Alto, Redwood City, Millbrae	106,711
	Congestion Relief & Management	Caltrans	791,942
	San Mateo Express Lanes	Misc Revenue	331,799
	Energy Watch	PG&E	21,505
	Measure M	DMV, Caltrans, Belmont, Colma, Foster City	753,988
	Bay Area Air Quality	DMV	503,229
	All other Receipts (1)	various	12,045
	Transfer	LAIF	750,000
		Total Aug Cash Inflow	3,271,220
	Measure M	EOA Inc., San Mateo County, Redwood City	(448,726)
	Congestion Relief & Mgmt	San Mateo County, Redwood City, Kittelson & Associates, Ken Brown, Commute.org	(455,001)
	NPDES	EOA Inc., Shaw/Yoder/Antwih Inc., San Mateo, Redwood City	(110,331)
	Energy Watch	Redwood City	(1,139)
	Smart Corridor	Kimley-Horn & Assoc., Redwood City, Aegis ITS	(27,851)
	Bay Area Air Quality	Commute.org, San Mateo County, Redwood City	(157,285)
	All other payments (14)	various	(32,374)
	Transfer	San Mateo County Pool	(1,500,000)
		Total Aug Cash Outflow	(2,732,707)
		Net Cash Inflow/(Outflow)	538,513
	Ending book balance (Checking)		1,684,334



San Mateo County Treasurer
555 County Center
Redwood City, 94063
(650) 599-1251 or (650) 599-7206

August County Pool Statement
Statement Ending Date: 8/31/2023
Account: 03412

STATEMENT OF ACCOUNT

City/County Association of Governments - 03412

DATE	DESCRIPTION	DEBITS	CREDITS	ACCOUNT BALANCE
7/31/2023	Balance brought forward			\$9,704,132.12
8/24/2023	Wire In		\$1,500,000.00	\$11,204,132.12
8/31/2023	Ending Balance			\$11,204,132.12

CITY & COUNTY ASSOCIATION OF GOVERNMENTS
Recap of Monthly Major Cash Inflows and Outflows
for Quarter Ended September 30, 2023

September Cash Flow

Major Cash Inflows and Outflows

Month	Program	From/To	Amount - In/(Out)
Sep 2023	Beginning book balance (Checking)		1,684,334
	Measure M	DMV	307,159
	Member Contributions	Daly City, San Mateo, San Carlos, Portola Valley	96,394
	Congestion Relief & Management	Caltrans, Metropolitan Transportation Commission, and Redwood City	1,374,064
	Energy Watch	PG&E	16,007
	All other Receipts (1)	Interest income	9,588
		Total Sep Cash Inflow	1,803,212
	Measure M	EOA Inc, Placeworks, San Carlos, Redwood City, San Mateo County, Streetlight Data	(372,609)
	Congestion Relief & Management	Mariposa Planning, San Mateo County, TJKM, William R Gray & Co, Fehr & Peers Associates, Placeworks, Shaw/Yoder/Antwih Inc	(118,550)
	NPDES	Engineering Data Software Inc, San Mateo County, Ken Brown	(41,571)
	Bay Area Air Quality	San Mateo County, Half Moon Bay	(97,882)
	Express Lane JPA	Redwood City	
	Smart Corridor	Iteris Inc, Kimley-Horn & Associates Inc	(21,182)
	Energy Watch	Redwood City, Joint Venture	
	AB1546	EOA Inc. Steer Davies & Gleave Inc., Cities: Foster City, Menlo Park, Millbrae, Redwood City, San Bruno, San Mateo, and South San Francisco, County of San Mateo, Towns: Colma, Hillsborough	
	Measure M		
	All other payments (8)	various	(10,613)
	Transfer	LAIF	(1,050,000)
		Total Sep Cash Outflow	(1,712,407)
		Net Cash Inflow/(Outflow)	90,805
	Ending book balance (Checking)		1,775,140

California State Treasurer
Fiona Ma, CPA



Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

October 02, 2023

[LAIF Home](#)
[PMIA Average Monthly Yields](#)

September LAIF Statement

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY
FINANCE OFFICER
600 ELM STREET
SAN CARLOS, CA 94070

[Tran Type Definitions](#)



Account Number: 40-41-004

September 2023 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
9/21/2023	9/20/2023	RD	1738741	1699138	PAUL HARRIS	750,000.00
9/29/2023	9/28/2023	RD	1739086	1699476	PAUL HARRIS	300,000.00

Account Summary

Total Deposit:	1,050,000.00	Beginning Balance:	15,737,787.22
Total Withdrawal:	0.00	Ending Balance:	16,787,787.22



San Mateo County Treasurer
555 County Center
Redwood City, 94063
(650) 599-1251 or (650) 599-7206

September County Pool Statement

Statement Ending Date: 9/30/2023
Account: 03412

STATEMENT OF ACCOUNT

City/County Association of Governments - 03412

DATE	DESCRIPTION	DEBITS	CREDITS	ACCOUNT BALANCE
8/31/2023	Balance brought forward			\$11,204,132.12
9/30/2023	Ending Balance			\$11,204,132.12



PMIA/LAIF Performance Report as of 10/18/23



Quarterly Performance Quarter Ended 09/30/23

LAIF Apportionment Rate ⁽²⁾ :	3.59
LAIF Earnings Ratio ⁽²⁾ :	0.00009812538629360
LAIF Administrative Cost ^{(1)*} :	0.29
LAIF Fair Value Factor ⁽¹⁾ :	0.986307739
PMIA Daily ⁽¹⁾ :	3.48
PMIA Quarter to Date⁽¹⁾:	3.42
PMIA Average Life ⁽¹⁾ :	256

PMIA Average Monthly Effective Yields⁽¹⁾

September	3.534
August	3.434
July	3.305**
June	3.167
May	2.993
April	2.870

Pooled Money Investment Account Monthly Portfolio Composition ⁽¹⁾ 09/30/23 \$156.4 billion

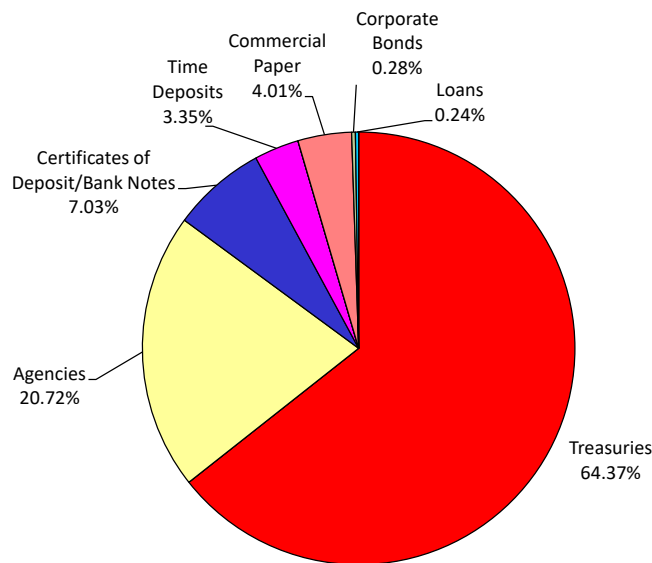


Chart does not include \$2,444,000.00 in mortgages, which equates to 0.002%. Percentages may not total 100% due to rounding.

Daily rates are now available here. [View PMIA Daily Rates](#)

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1) and interest earned on the Wildfire Fund loan pursuant to Public Utility Code 3288 (a).

*The percentage of administrative cost equals the total administrative cost divided by the quarterly interest earnings. The law provides that administrative costs are not to exceed 5% of quarterly EARNINGS of the fund. However, if the 13-week Daily Treasury Bill Rate on the last day of the fiscal year is below 1%, then administrative costs shall not exceed 8% of quarterly EARNINGS of the fund for the subsequent fiscal year.

** Revised

Source:

⁽¹⁾ State of California, Office of the Treasurer

⁽²⁾ State of California, Office of the Controller



California State Treasurer
Fiona Ma, CPA



[Home](#) | [Open Government](#) | [Careers](#) | [Contact](#) | [Calendar](#)

Search



[Home](#)

[PMIA Home](#)

[Contacts](#)

[Time Deposits](#)

[LAIF](#)

[Home](#) >> [PMIA](#) >> PMIA Average Monthly Effective Yields



POOLED MONEY INVESTMENT ACCOUNT

PMIA Average Monthly Effective Yields

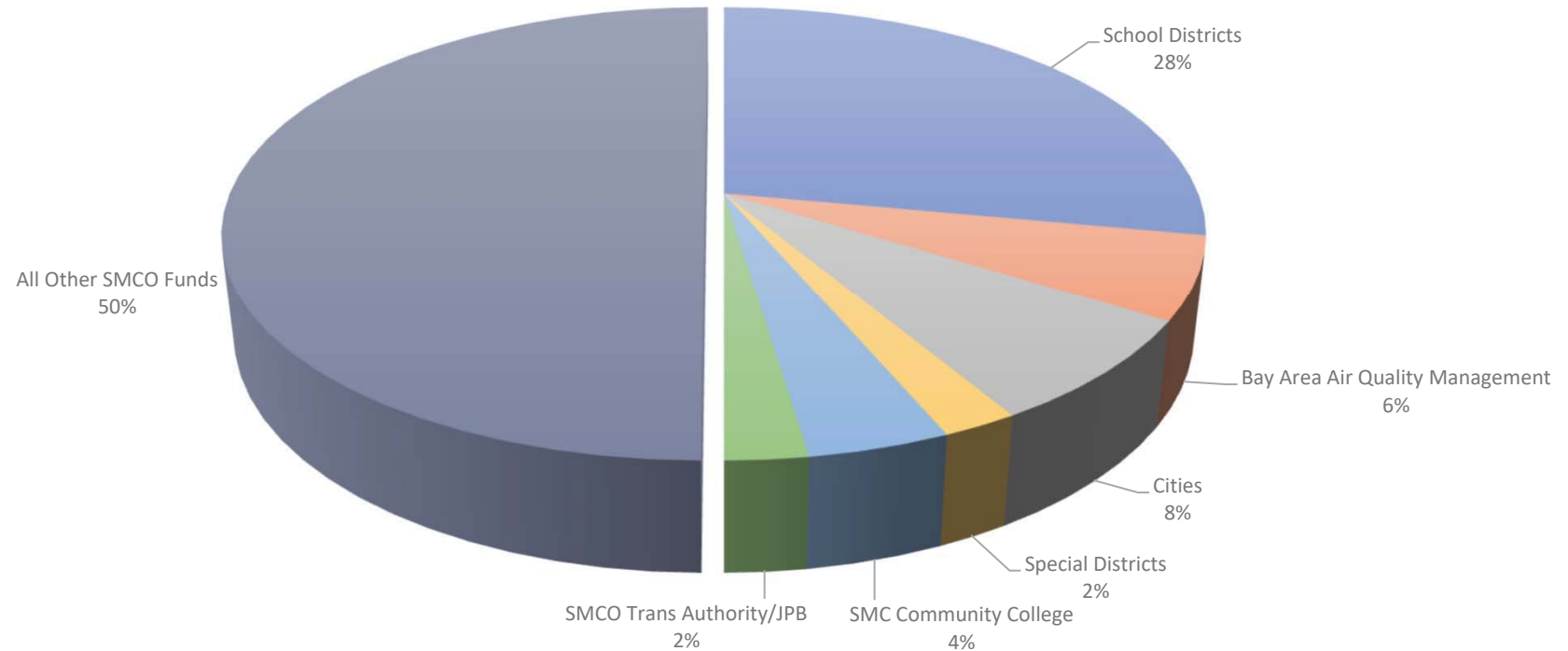
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1977	5.770	5.660	5.660	5.650	5.760	5.850	5.930	6.050	6.090	6.090	6.610	6.730
1978	6.920	7.050	7.140	7.270	7.386	7.569	7.652	7.821	7.871	8.110	8.286	8.769
1979	8.777	8.904	8.820	9.082	9.046	9.224	9.202	9.528	9.259	9.814	10.223	10.218
1980	10.980	11.251	11.490	11.480	12.017	11.798	10.206	9.870	9.945	10.056	10.426	10.961
1981	10.987	11.686	11.130	11.475	12.179	11.442	12.346	12.844	12.059	12.397	11.887	11.484
1982	11.683	12.044	11.835	11.773	12.270	11.994	12.235	11.909	11.151	11.111	10.704	10.401
1983	10.251	9.887	9.688	9.868	9.527	9.600	9.879	10.076	10.202	10.182	10.164	10.227
1984	10.312	10.280	10.382	10.594	10.843	11.119	11.355	11.557	11.597	11.681	11.474	11.024
1985	10.579	10.289	10.118	10.025	10.180	9.743	9.656	9.417	9.572	9.482	9.488	9.371
1986	9.252	9.090	8.958	8.621	8.369	8.225	8.141	7.844	7.512	7.586	7.432	7.439
1987	7.365	7.157	7.205	7.044	7.294	7.289	7.464	7.562	7.712	7.825	8.121	8.071
1988	8.078	8.050	7.945	7.940	7.815	7.929	8.089	8.245	8.341	8.397	8.467	8.563
1989	8.698	8.770	8.870	8.992	9.227	9.204	9.056	8.833	8.801	8.771	8.685	8.645
1990	8.571	8.538	8.506	8.497	8.531	8.538	8.517	8.382	8.333	8.321	8.269	8.279
1991	8.164	8.002	7.775	7.666	7.374	7.169	7.098	7.072	6.859	6.719	6.591	6.318
1992	6.122	5.863	5.680	5.692	5.379	5.323	5.235	4.958	4.760	4.730	4.659	4.647
1993	4.678	4.649	4.624	4.605	4.427	4.554	4.438	4.472	4.430	4.380	4.365	4.384
1994	4.359	4.176	4.248	4.333	4.434	4.623	4.823	4.989	5.106	5.243	5.380	5.528
1995	5.612	5.779	5.934	5.960	6.008	5.997	5.972	5.910	5.832	5.784	5.805	5.748
1996	5.698	5.643	5.557	5.538	5.502	5.548	5.587	5.566	5.601	5.601	5.599	5.574
1997	5.583	5.575	5.580	5.612	5.634	5.667	5.679	5.690	5.707	5.705	5.715	5.744
1998	5.742	5.720	5.680	5.672	5.673	5.671	5.652	5.652	5.639	5.557	5.492	5.374
1999	5.265	5.210	5.136	5.119	5.086	5.095	5.178	5.225	5.274	5.391	5.484	5.639
2000	5.760	5.824	5.851	6.014	6.190	6.349	6.443	6.505	6.502	6.517	6.538	6.535
2001	6.372	6.169	5.976	5.760	5.328	4.958	4.635	4.502	4.288	3.785	3.526	3.261
2002	3.068	2.967	2.861	2.845	2.740	2.687	2.714	2.594	2.604	2.487	2.301	2.201
2003	2.103	1.945	1.904	1.858	1.769	1.697	1.653	1.632	1.635	1.596	1.572	1.545
2004	1.528	1.440	1.474	1.445	1.426	1.469	1.604	1.672	1.771	1.890	2.003	2.134
2005	2.264	2.368	2.542	2.724	2.856	2.967	3.083	3.179	3.324	3.458	3.636	3.808
2006	3.955	4.043	4.142	4.305	4.563	4.700	4.849	4.946	5.023	5.098	5.125	5.129
2007	5.156	5.181	5.214	5.222	5.248	5.250	5.255	5.253	5.231	5.137	4.962	4.801
2008	4.620	4.161	3.777	3.400	3.072	2.894	2.787	2.779	2.774	2.709	2.568	2.353
2009	2.046	1.869	1.822	1.607	1.530	1.377	1.035	0.925	0.750	0.646	0.611	0.569
2010	0.558	0.577	0.547	0.588	0.560	0.528	0.531	0.513	0.500	0.480	0.454	0.462
2011	0.538	0.512	0.500	0.588	0.413	0.448	0.381	0.408	0.378	0.385	0.401	0.382
2012	0.385	0.389	0.383	0.367	0.363	0.358	0.363	0.377	0.348	0.340	0.324	0.326
2013	0.300	0.286	0.285	0.264	0.245	0.244	0.267	0.271	0.257	0.266	0.263	0.264
2014	0.244	0.236	0.236	0.233	0.228	0.228	0.244	0.260	0.246	0.261	0.261	0.267
2015	0.262	0.266	0.278	0.283	0.290	0.299	0.320	0.330	0.337	0.357	0.374	0.400
2016	0.446	0.467	0.506	0.525	0.552	0.576	0.588	0.614	0.634	0.654	0.678	0.719
2017	0.751	0.777	0.821	0.884	0.925	0.978	1.051	1.084	1.111	1.143	1.172	1.239
2018	1.350	1.412	1.524	1.661	1.755	1.854	1.944	1.998	2.063	2.144	2.208	2.291
2019	2.355	2.392	2.436	2.445	2.449	2.428	2.379	2.341	2.280	2.190	2.103	2.043
2020	1.967	1.912	1.787	1.648	1.363	1.217	0.920	0.784	0.685	0.620	0.576	0.540
2021	0.458	0.407	0.357	0.339	0.315	0.262	0.221	0.221	0.206	0.203	0.203	0.212
2022	0.234	0.278	0.365	0.523	0.684	0.861	1.090	1.276	1.513	1.772	2.007	2.173
2023	2.425	2.624	2.831	2.870	2.993	3.167	3.305*	3.434	3.534	3.670		

* Revised



SAN MATEO COUNTY TREASURER'S OFFICE POOL PARTICIPANTS DISTRIBUTION September 30, 2023

ATTACHMENT 3



Participants	\$	%
School Districts	\$ 2,018,919,086.79	28.0%
Bay Area Air Quality Management	427,289,593.92	5.9%
Cities	544,999,170.14	7.5%
Special Districts	156,841,461.23	2.2%
SMC Community College	292,653,890.27	4.1%
SMCO Trans Authority/JPB	169,927,958.48	2.4%
All Other SMCO Funds	3,611,167,086.58	50.0%
Total	\$ 7,221,798,247.41	100.0%

*Figures are based on the account balances of current pool participants and it will not match the Market Value of the pool.



ESTIMATED SUMMARY OF POOL EARNINGS

July 2023

	<u>Par Value</u>	<u>Gross Earnings</u>	<u>Realized Gain/Loss & Interest Received</u>	<u>Period Earnings</u>
<u>Fixed Income Securities Maturing > 1 year</u>				
U S Treasury Notes	\$ 1,280,780,000.00	\$ 1,471,358.73	Corporate Notes	\$ 258,707.20
Corporate Notes	801,652,000.00	1,839,848.19	Federal Agencies	1,895,378.13
Federal Agencies	2,145,145,318.87	6,485,737.26	U.S. Instrumentalities	161,404.94
U.S. Instrumentalities	129,040,000.00	58,229.00	Asset Backed Securities	21,370.41
Asset Backed Securities	41,376,896.10	21,966.44	U.S. Treasury Bills	130,525.00
Certificate of Deposit	-	-	U S Treasury Notes	425,464.96
	\$ 4,397,994,214.97	\$ 9,877,139.62	Dreyfus	116,853.84
			CAMP	2,219,038.01
			US Bank Earnings Credit	24,750.56
			Total Realized Income	\$ 5,253,493.05
<u>Short Term Securities Maturing < 1 year</u>				
U S Treasury Notes	\$ 668,825,000.00	\$ 590,524.82		
Corporate Notes	183,515,000.00	192,127.14		
Federal Agencies	1,607,699,000.00	4,974,286.72		
U.S. Instrumentalities	150,043,000.00	489,211.51		
U.S. Treasury Bills	15,000,000.00	64,841.67		
Asset Backed Securities	71,456.57	9.44		
Certificate of Deposit	124,000,000.00	547,769.59		
Commercial Paper	111,000,000.00	521,445.83		
Dreyfus	127,204,724.10	-		
CAMP	175,000,000.00	659,846.58		
	\$ 3,162,358,180.67	\$ 8,040,063.29		
Total Accrued Interest	\$ 7,560,352,395.64	\$ 17,917,202.91		
Total Dollar Earnings for July		\$ 23,170,695.96		

AVERAGE BALANCE		\$ 7,775,535,622.08
GROSS EARNINGS RATE / GROSS DOLLAR EARNINGS	3.509%	23,170,695.96
ADMINISTRATION FEES*		(627,368.56)
NET EARNINGS RATE / NET DOLLAR EARNINGS	3.414%	\$ 22,543,327.40

*Current admin fees rate is at 9.5bp



ESTIMATED SUMMARY OF POOL EARNINGS

August 2023

	<u>Par Value</u>	<u>Gross Earnings</u>	<u>Realized Gain/Loss & Interest Received</u>	<u>Period Earnings</u>
<u>Fixed Income Securities Maturing > 1 year</u>				
U S Treasury Notes	\$ 1,276,780,000.00	\$ 1,284,053.86	Corporate Notes	\$ 140,895.01
Corporate Notes	820,377,000.00	2,115,460.15	Federal Agencies	665,739.05
Federal Agencies	2,150,835,318.87	7,022,834.37	U.S. Instrumentalities	182,405.47
U.S. Instrumentalities	139,040,000.00	127,952.22	Asset Backed Securities	19,063.26
Asset Backed Securities	40,339,691.91	21,466.01	U.S. Treasury Bills	29,283.33
Certificate of Deposit	-	-	U S Treasury Notes	478,822.68
	\$ 4,427,372,010.78	\$ 10,571,766.60	Dreyfus	165,520.01
			US Bank Earnings Credit	37,960.03
			Total Realized Income	\$ 1,719,688.84
<u>Short Term Securities Maturing < 1 year</u>				
U S Treasury Notes	\$ 657,525,000.00	\$ 634,058.72		
Corporate Notes	207,125,000.00	247,285.79		
Federal Agencies	1,474,204,000.00	4,921,537.44		
U.S. Instrumentalities	125,043,000.00	324,709.55		
Asset Backed Securities	-	-		
Certificate of Deposit	149,000,000.00	599,892.33		
Commercial Paper	111,000,000.00	521,445.83		
Dreyfus	4,613,680.48	-		
CAMP	250,000,000.00	974,230.14		
	\$ 2,978,510,680.48	\$ 8,223,159.80		
Total Accrued Interest	\$ 7,405,882,691.26	\$ 18,794,926.41		
Total Dollar Earnings for August		\$ 20,514,615.25		

	AVERAGE BALANCE	\$ 7,534,559,193.06
GROSS EARNINGS RATE / GROSS DOLLAR EARNINGS	3.206%	20,514,615.25
ADMINISTRATION FEES*		(607,925.39)
NET EARNINGS RATE / NET DOLLAR EARNINGS	3.111%	\$ 19,906,689.86

*Current admin fees rate is at 9.5bp



ESTIMATED SUMMARY OF POOL EARNINGS

September 2023

	<u>Par Value</u>	<u>Gross Earnings</u>	<u>Realized Gain/Loss & Interest Received</u>	<u>Period Earnings</u>
<u>Fixed Income Securities Maturing > 1 year</u>				
U S Treasury Notes	\$ 1,226,880,000.00	\$ 1,380,097.63	Corporate Notes	\$ 63,489.77
Corporate Notes	793,602,000.00	2,133,374.61	Federal Agencies	1,418,982.61
Federal Agencies	2,150,492,318.87	6,278,682.61	U.S. Instrumentalities	58,117.95
U.S. Instrumentalities	104,650,000.00	55,387.90	Asset Backed Securities	18,548.55
Asset Backed Securities	39,247,555.77	19,656.96	Certificate of Deposit	28,671.99
Certificate of Deposit	17,000,000.00	28,741.64	U S Treasury Notes	266,106.38
	\$ 4,331,871,874.64	\$ 9,895,941.36	Dreyfus	419,815.97
			US Bank Earnings Credit	25,881.66
			Total Realized Income	\$ 2,299,614.88
<u>Short Term Securities Maturing < 1 year</u>				
U S Treasury Notes	\$ 675,515,000.00	\$ 682,429.60		
Corporate Notes	227,315,000.00	316,696.67		
Federal Agencies	1,343,345,000.00	4,352,745.92		
U.S. Instrumentalities	152,366,000.00	419,644.72		
Asset Backed Securities	-	-		
Certificate of Deposit	99,000,000.00	461,893.15		
Commercial Paper	111,000,000.00	504,625.00		
Dreyfus	126,288,735.69	-		
CAMP	175,000,000.00	342,452.05		
CALTRUST	15,000,000.00	14,597.26		
	\$ 2,924,829,735.69	\$ 7,095,084.38		
Total Accrued Interest	\$ 7,256,701,610.33	\$ 16,991,025.72		
Total Dollar Earnings for September		\$ 19,290,640.60		

	AVERAGE BALANCE		\$ 7,276,049,102.91
GROSS EARNINGS RATE / GROSS DOLLAR EARNINGS	3.226%		19,290,640.60
ADMINISTRATION FEES*			(568,129.86)
NET EARNINGS RATE / NET DOLLAR EARNINGS	3.131%		\$ 18,722,510.74

*Current admin fees rate is at 9.5bp



SUMMARY OF POOL EARNINGS
Q1 FISCAL YEAR 2023-24

	<u>Par Value</u>	<u>Gross Earnings</u>	<u>Realized Gain/Loss & Interest Received</u>	<u>Period Earnings</u>
<u>Fixed Income Securities Maturing > 1 year</u>				
U S Treasury Notes	\$ 1,226,880,000.00	\$ 3,439,364.73	U S Treasury Notes	\$ 2,351,529.96
Corporate Notes	793,602,000.00	5,388,399.13	Corporate Notes	1,264,459.87
Federal Agencies	2,150,492,318.87	15,943,097.30	Certificate of Deposit	495,795.28
U.S. Instrumentalities	114,650,000.00	189,266.81	Federal Agencies	10,763,068.10
Asset Backed Securities	39,247,555.77	19,809.56	U.S. Instrumentalities	850,814.91
Certificate of Deposit	17,000,000.00	28,741.64	U S Treasury Bills	224,650.00
	\$ 4,341,871,874.64	\$ 25,008,679.17	Asset Backed Securities	102,271.51
<u>Short Term Securities Maturing < 1 year</u>				
U S Treasury Notes	\$ 675,515,000.00	\$ 1,422,022.67	Dreyfus	702,189.82
Corporate Notes	227,315,000.00	655,025.45	CAMP	2,219,038.01
Federal Agencies	1,343,345,000.00	11,350,854.57	US Bank Earnings Credit	88,592.25
U.S. Instrumentalities	142,366,000.00	836,981.55	Total Realized Income	\$ 19,062,409.71
Asset Backed Securities	-	-		
Certificate of Deposit	99,000,000.00	1,142,431.78		
Commercial Paper	111,000,000.00	1,547,516.67		
Dreyfus	126,288,735.69	-		
CAMP	175,000,000.00	1,976,528.77		
CALTRUST	15,000,000.00	14,597.26		
	\$ 2,914,829,735.69	\$ 18,945,958.71		
Total Accrued Interest	\$ 7,256,701,610.33	\$ 43,954,637.88		
Total Dollar Earnings for Q1 FY 2023-24		\$ 63,017,047.59		

	AVERAGE BALANCE	\$ 7,531,461,003.97
GROSS EARNINGS RATE / GROSS DOLLAR EARNINGS	3.320%	63,017,047.59
ADMINISTRATION FEES*		(1,803,423.81)
NET EARNINGS RATE / NET DOLLAR EARNINGS	3.225%	\$ 61,213,623.78

*Current admin fees rate is at 9.5bp

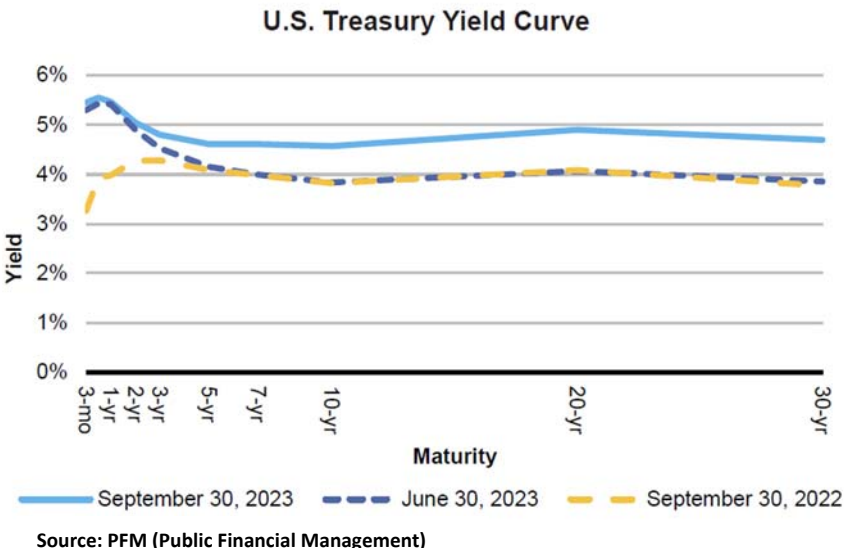
C/CAG Investment Portfolio Performance and Composition 3Q 2023
Report Created for Finance Committee Meeting November 29, 2023

Capital Markets Summary 3Q 2023

The overall economic data is showing renewed signs of inflation driven by increasing oil prices, higher shelter costs and tight labor markets. Headline inflation as charted by the CPI increased 3.7%. Consumer spending was revised lower and GDP growth slowed in the third quarter as spending headwinds began to mount. The S&P 500 fell 3.3% during the quarter with Utility and Real Estate stocks down the most and Energy stocks up an impressive 12% for the quarter. International stocks also declined with the MSCI-EAFE Index of developed non-US countries down 4.1% on the strong dollar and Emerging Markets declining 2.9%

US Treasury Yield Curve & US Treasury Yields Over Time

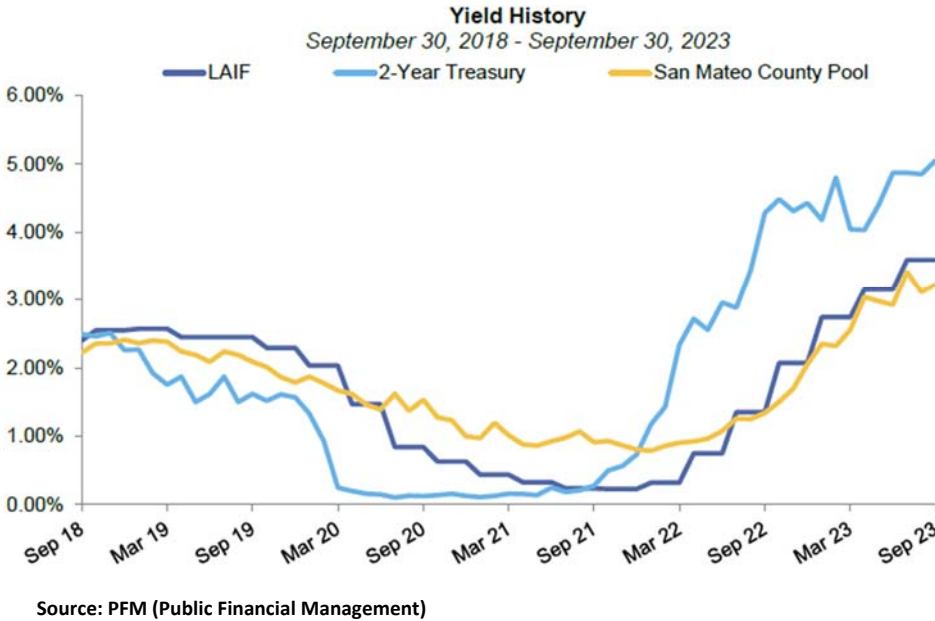
U.S. Treasury rates increased across the entire yield curve during the third quarter and remain deeply inverted due to short-term yields having risen more than those on the longer-end. The impact is generally a slight markdown in the value of the short-term securities coupled with higher earnings when reinvested and longer-term Treasuries showing even more mark down due to the sharp increase and magnitude of the rising rates. Diversification away from Treasuries has generally additive to performance as the investment grade corporates, AAA-rated asset backed securities outperformed and supranational issues tended to trade in a smaller range. As anticipated the Fed left their policy target rates unchanged between 5.25% and 5.5% and this marks the second consecutive meeting where the central bank has maintained status quo.



U.S. Treasury Yields

Maturity	Sep '23	Jun '23	Change over Quarter	Sep '22	Change over Year
3-Month	5.45%	5.30%	0.15%	3.27%	2.18%
1-Year	5.46%	5.42%	0.04%	3.99%	1.47%
2-Year	5.05%	4.90%	0.15%	4.28%	0.77%
5-Year	4.61%	4.16%	0.45%	4.09%	0.52%
10-Year	4.57%	3.84%	0.73%	3.83%	0.74%
30-Year	4.70%	3.86%	0.84%	3.78%	0.92%

Source: Bloomberg.



Portfolio Performance 3Q 2023

The C/CAG investment portfolio returns for the third quarter of 2023 were nearly identical with 3.42% for LAIF and 3.23% for the CoPool Fund. Higher yields are finally showing in performance as securities are being reinvested at increased interest rates. Both pools have exceeded 3% yields and are performing as expected. The total C/CAG portfolio asset allocation at the end of the third quarter was 60% to LAIF and 40% to the CoPool Fund, which is within the stated investment policy allocation ranges.

LAIF

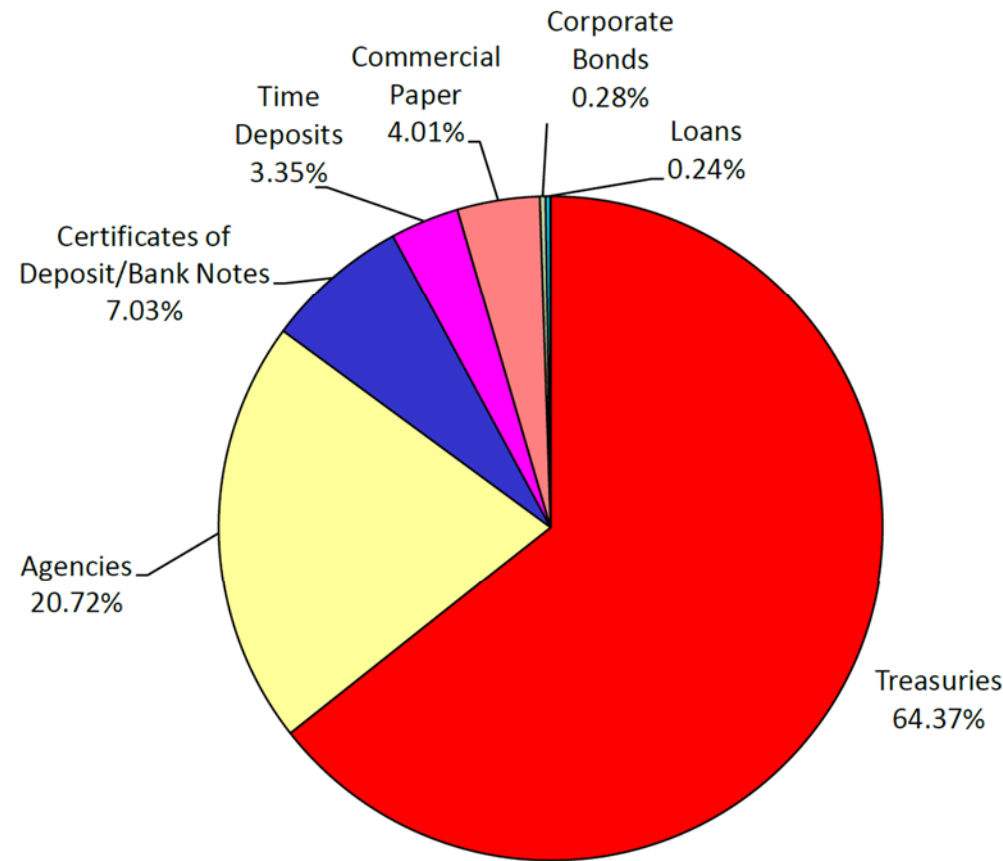
PMIA Average Monthly Effective Yields:

July 2023	3.305
August 2023	3.434
September 2023	3.534

PMIA Quarter to Date: 3.42%

PMIA Average Life: 256 days or 0.70 years

Portfolio Composition Pie Chart:



Source: PMIA/LAIF Performance Report as of 10/18/2023

COPOOL

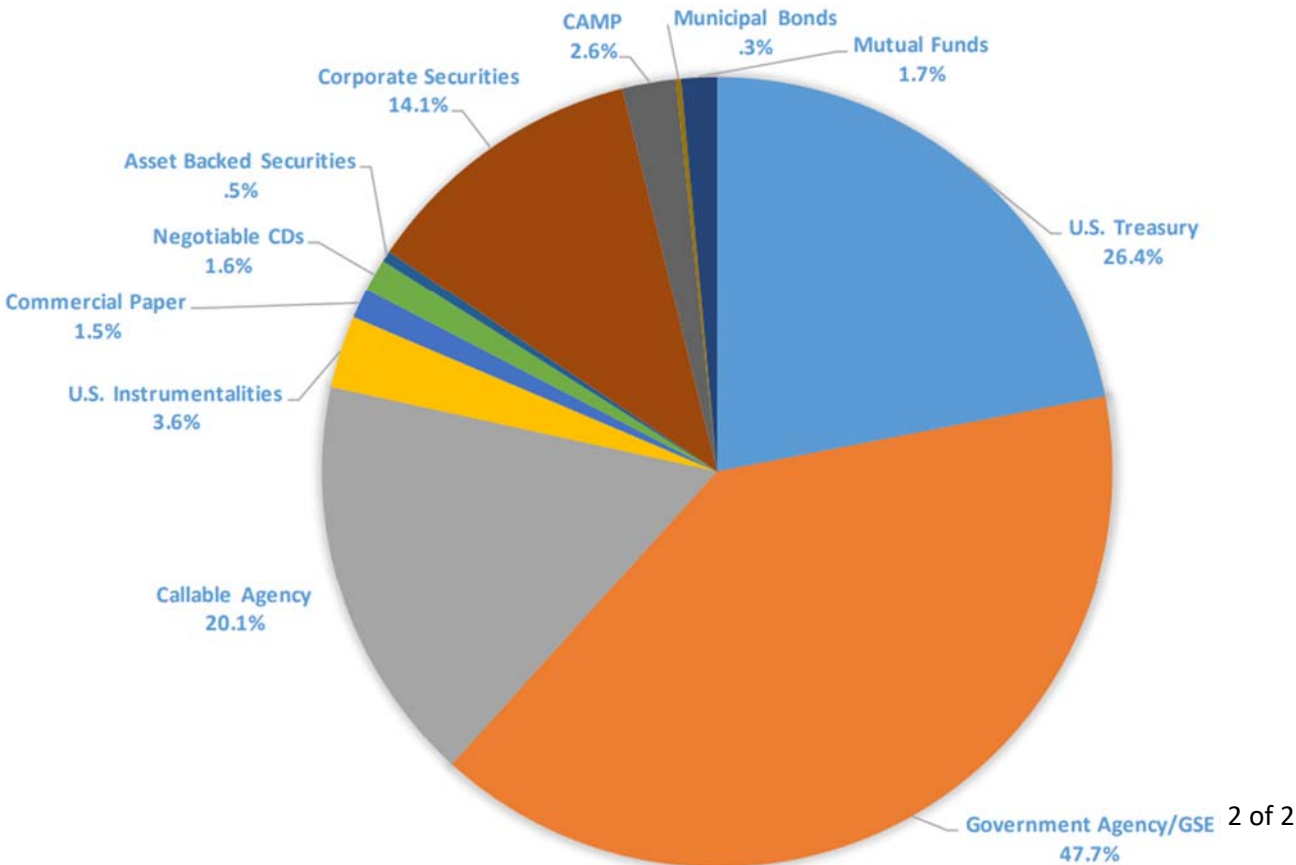
PMIA Average Monthly Effective Yields:

July 2023	3.414
August 2023	3.111
September 2023	3.131

PMIA Quarter to Date: 3.225%

PMIA Average Duration: 1.55 years

Portfolio Composition Pie Chart:



Source: San Mateo County Investment Portfolio Compliance Report September 2023

C/CAG AGENDA REPORT

Date: November 29, 2023

To: C/CAG Finance Committee

From: Sean Charpentier, Executive Director

Subject: Review of the quarterly investment report and recommend modifications to the C/CAG investment portfolio as needed.

(For further information contact Kim Wever at kwever@smcgov.org)

RECOMMENDATION

That the C/CAG Finance Committee review the quarterly investment report and recommend modifications to the C/CAG investment portfolio as needed.

FISCAL IMPACT

Potential for higher or lower yields and risk associated with C/CAG investments.

SOURCE OF FUNDS

The Investment Policy applies to all C/CAG funds held by the C/CAG Financial Agent (City of San Carlos).

BACKGROUND

According to the C/CAG Investment Policy adopted on September 10, 2020:

“The portfolio should be analyzed not less than quarterly by the C/CAG Finance Committee, and modified as appropriate periodically as recommended by the Finance Committee and approved by the C/CAG Board, to respond to changing circumstances in order to achieve the Safety of Principal.”

The Finance Committee will seek to provide a balance between the various investments and maturities in order to give C/CAG the optimum combination of Safety of Principal, necessary liquidity, and optimal yield based on cash flow projections.

The LAIF Quarter Ending 9/30/23 net interest earning rate is 3.42%
San Mateo County Pool Quarter Ending 9/30/23 net interest earning rate is 3.23%

The LAIF's average life is 256 days, or 0.70 of a year. San Mateo County Pool's current average maturity of the portfolio is 1.71 years with an average duration of 1.55 years.

On November 14, 2013 the C/CAG Board approved the following C/CAG investment portfolio parameters:

Local Agency Investment Fund (LAIF)	50% to 70%
San Mateo County Investment Pool (COPOOL)	30% to 50%

On December 2, 2020, the Finance Committee reviewed the investment portfolio and noted the increasing gap between the quarterly interest rate and the net of administrative fees of the LAIF and the COPOOL, with LAIF lagging behind the COPOOL. The Finance Committee recommended no change to the investment portfolio, but guided staff to target LAIF investments to 60% allocation and increase COPOOL investments to 40% allocation dependent upon the changes of the interest rate.

On December 10, 2020, the C/CAG Board approved of no change to the range of limits to the C/CAG investment portfolio and approved the Finance Committee's recommendation for staff to target LAIF investments to 60% allocation and increase COPOOL investments to 40% allocation dependent upon the changes of the interest rate.

Investment allocation between LAIF and COPOOL:

	C/CAG BOARD APPROVED IN 2013	FINANCE COMMITTEE GUIDANCE ON 12/2/2020
LAIF	50% to 70%	60%
COPOOL	30% to 50%	40%

On August 23, 2023, the Finance Committee reviewed the investment portfolio and recommend no change to portfolio, but guided staff to continue monitoring the interest rates. On September 14, 2023, the C/CAG Board approved of no change to the investment portfolio.

The investment portfolio as of September 30, 2023 is as follows:

	6/30/2023		6/30/2023	
	Amount	Percent	Amount	Percent
LAIF	\$16,365,013	59.8%	\$16,787,787	60.0%
COPOOL	\$10,997,275	40.2%	\$11,204,132	40.0%
Total	\$27,362,288	100%	\$27,991,919	100%

Staff do not recommend adjusting the investment allocation at this time.

ATTACHMENTS

1. Quarterly Investment Report as of September 30, 2023 from San Carlos

C/CAG
CITY/COUNTY ASSOCIATION OF GOVERNMENTS
 Of San Mateo County

Board of Directors Agenda Report

To: Sean Charpentier, Executive Director
From: Paul Harris, Financial Services Manager
Date: November 29, 2023

SUBJECT: Quarterly Investment Report as of September 30, 2023

RECOMMENDATION:

It is recommended that the C/CAG Board review and accept the Quarterly Investment Report.

ANALYSIS:

The attached investment report (Attachment 1) indicates that on September 30, 2023, funds in the amount of \$27,991,919 were invested producing a weighted average yield of 3.34%. Of the total investment portfolio, 60.0% of funds were invested in the Local Agency Investment Fund (LAIF) and 40.0% in the San Mateo County Investment Pool (COPOOL). On December 2, 2020, the Finance Committee reviewed the investment portfolio and noted the increasing gap between the quarterly interest rate, net of administrative fees, of LAIF and the COPOOL, with LAIF lagging behind the COPOOL. The Finance Committee recommended no change to the investment portfolio, but guided Staff to target LAIF investments to 60% allocation and increase COPOOL investments to 40% allocation dependent upon the changes of the interest rate. These percentages are within the range specified by the C/CAG Board. The portfolio mix reflects the Board approved percentage invested in the County Investment Pool and LAIF. Accrued interest earnings for this quarter totaled \$228,620.

Below is a summary of the changes from the prior quarter:

	Qtr Ended 9/30/2023	Qtr Ended 6/30/2023	Increase (Decrease)
Total Portfolio	\$ 27,991,919	\$ 27,362,288	\$ 629,631
Weighted Average Yield	3.34%	3.05%	0.29%
Accrued Interest Earnings	\$ 228,620	\$ 204,290	\$ 24,330

There was an increase of \$0.6 million in the portfolio balance at the end of this quarter compared to the previous quarter mainly due to the timing of cash receipts offset by expenses for Measure M, Bay Area Air Quality, Congestion Relief and Management, and Smart Corridor. The higher quarterly interest rate resulted in higher interest earnings.

Historical cash flow trends are compared to current cash flow requirements on an ongoing basis to ensure that C/CAG's investment portfolio will remain sufficiently liquid to meet all reasonably anticipated operating requirements. As of September 30, 2023, the portfolio contains sufficient liquidity to meet the next six months of expected expenditures by C/CAG. All investments are in compliance with the Investment Policy. Attachment 2 shows a historical comparison of the portfolio for the past nine quarters.

The primary objective of the investment policy of C/CAG remains to be SAFETY OF PRINCIPAL. The permitted investments section of the investment policy also states:

Local Agency Investment Fund (LAIF) which is a State of California managed investment pool, and San Mateo County Investment pool, may be used up to the maximum permitted by California State Law. A review of the pool/fund is required when they are part of the list of authorized investments.

The Investment Advisory Committee has reviewed and approved the attached Investment Report.

Attachments

- 1 – Investment Portfolio Summary for the Quarter September 30, 2023
- 2 – Historical Summary of Investment Portfolio

CITY & COUNTY ASSOCIATION OF GOVERNMENTS

SUMMARY OF ALL INVESTMENTS
For Quarter Ending September 30, 2023

Category	Quarterly Interest Rate**	Historical Book Value	% of Portfolio	GASB 31 ADJ Market Value
----------	---------------------------	-----------------------	----------------	--------------------------

Liquid Investments:

Local Agency Investment Fund (LAIF)	3.42%	16,787,787	60.0%	16,557,924
San Mateo County Investment Pool (COPOOL)	3.23%	11,204,132	40.0%	10,865,207

Agency Securities

none

Total - Investments	3.34%	27,991,919	100%	27,423,132
----------------------------	--------------	-------------------	-------------	-------------------

GRAND TOTAL OF PORTFOLIO	3.34%	\$ 27,991,919	100%	\$ 27,423,132
---------------------------------	--------------	----------------------	-------------	----------------------

Total Interest Earned This Quarter	228,620
Total Interest Earned (Loss) Fiscal Year-to-Date	228,620

Note: CCAG Board approved the following investment portfolio mix at its November 14, 2013 meeting:

LAIF - 50% to 70%

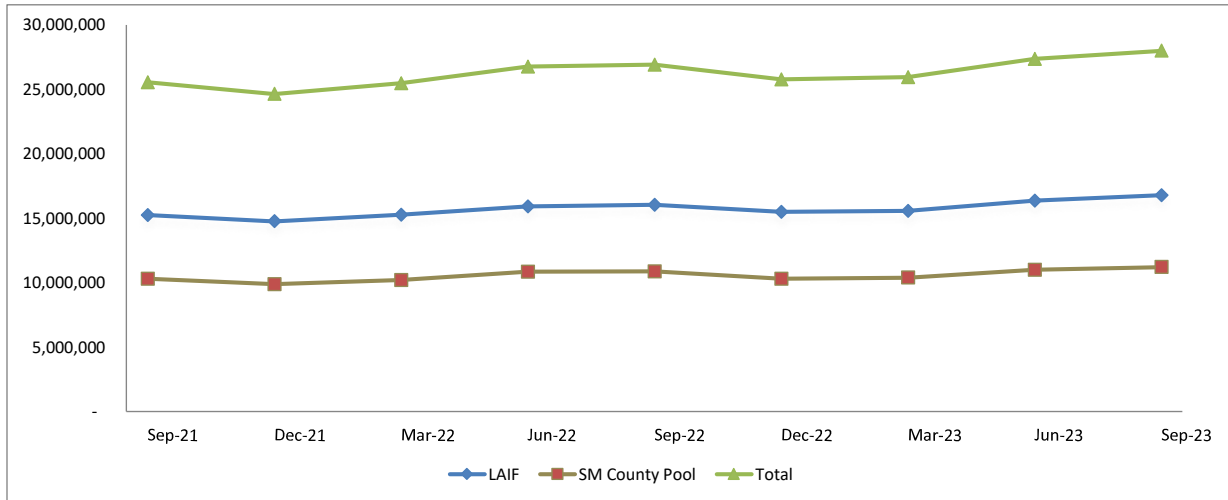
COPOOL - 30% to 50%

On December 2, 2020, the Finance Committee reviewed the investment portfolio and noted the increasing gap between the quarterly interest rate, net of administrative fees, of LAIF and the COPOOL, with LAIF lagging behind the COPOOL. The Finance Committee recommended no change to the investment portfolio, but guided Staff to target LAIF investments to 60% allocation and increase COPOOL investments to 40% allocation dependent upon the changes of the interest rate.

*Difference in value between Historical Value and Market Value may be due to timing of purchase. Investments in the investment pools may have been purchased when interest rates were lower or higher than the end date of this report. As interest rates increase or decrease, the value of the investment pools will decrease or increase accordingly. However, interest rate fluctuations does not have any impact to CCAG's balance in the investment pools. The market values are presented as a reference only.

**Presented net of administrative fees

City and County Association of Governments
Historical Summary of Investment Portfolio
September 30, 2023



Note: The chart type has been changed from Column to Line after receiving feedback from CCAG's Finance Committee

City/County Association of Governments Investment Portfolio

	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23
LAIF	15,245,744	14,754,699	15,263,178	15,900,010	16,028,660	15,480,103	15,558,262	16,365,013	16,787,787
SM County Pool	10,307,116	9,881,668	10,203,262	10,849,975	10,877,624	10,288,794	10,384,089	10,997,275	11,204,132
Total	25,552,860	24,636,367	25,466,440	26,749,985	26,906,284	25,768,897	25,942,350	27,362,289	27,991,919

C/CAG AGENDA REPORT

Date: November 29, 2023

To: C/CAG Finance Committee

From: Sean Charpentier, Executive Director

Subject: Accept the C/CAG Financial Statements (Audit) for Fiscal Year Ended June 30, 2023 and communicate with representative from auditing firm.

(For further information contact Sean Charpentier at scharpentier@smcgov.org)

RECOMMENDATION

That the C/CAG Finance Committee accept the C/CAG Financial Statements (Audit) for Fiscal Year Ended June 30, 2023 and communicate with representative from auditing firm.

FISCAL IMPACT

None.

SOURCE OF FUNDS

Member assessments, parcel fee, motor vehicle fee (TFCA/ AB1546/ Measure M), grants from State/ Federal Transportation programs, and other grants.

BACKGROUND

An independent audit was performed on C/CAG's financial statements and the related notes to the financial statements for the year ended June 30, 2023. No issues were identified that required correction. The auditor expressed the opinion that the C/CAG financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of C/CAG as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

ATTACHMENTS

1. C/CAG Financial Statements (Audit) for the Year Ended June 30, 2023 (*Attached as well as available on the C/CAG website (See "Additional Agenda Materials") at:* <http://ccag.ca.gov/committees/finance-committee/>)

**CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**City/County Association of Governments of
San Mateo County
Basic Financial Statements
For the year ended June 30, 2023**

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	14
Statement of Activities	15
Fund Financial Statements:	
Governmental Fund Financial Statements:	
Balance Sheet	18
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.....	20
Statement of Revenues, Expenditures and Changes in Fund Balances.....	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities	24
Notes to the Basic Financial Statements.....	27
Required Supplementary Information:	
Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
General Fund	45
Congestion Management.....	46
National Pollutant Discharge & Elimination System.....	47
Bay Area Air Quality Management District.....	48
AB 1456.....	49
Energy Watch.....	50
Measure M	51
San Mateo County Express Lane JPA.....	52
CalPERS Cost-Sharing Plan:	
Schedule of the Proportionate Share of the Net Pension Liability	54
Schedule of Pension Plan Contributions.....	56
Other Post-Employment Benefits (OPEB) Plan:	
Schedule of Changes in the Net OPEB Liability and Related Ratios	58
Schedule of OPEB Contributions	60
Notes to Required Supplementary Information	62

This page intentionally left blank

INDEPENDENT AUDITOR'S REPORT

To the Honorable Chair and Members of the Board of Directors
of the City/County Association of Governments of San Mateo County
Redwood City, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, and each major fund, as of and for the year ended June 30, 2023 for the City/County Association of Governments of San Mateo County (C/CAG), and the related notes to the financial statements, which collectively comprise C/CAG's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, as of June 30, 2023, and the respective changes in financial position for the year 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. 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 C/CAG 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.

Responsibilities of Management for the Financial Statements

C/CAG's 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 C/CAG'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.

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 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, 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 C/CAG'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 C/CAG'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, the major fund budget to actual comparison schedules, and the required pension and OPEB schedules on pages 5-9 and 45-61 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

To the Honorable Chair and Members of the Board of Directors
of the City/County Association of Governments of San Mateo County
Redwood City, California
Page 3

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2023 on our consideration of C/CAG'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 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 C/CAG's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Berkeley, California
November 14, 2023

This page intentionally left blank

MANAGEMENT'S DISCUSSION AND ANALYSIS

The information presented in the "Management's Discussion and Analysis" is intended to be a narrative overview of the City/County Association of Governments of San Mateo County (C/CAG) financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider this information in conjunction with the basic financial statements.

FINANCIAL STATEMENT OVERVIEW

This discussion and analysis are intended to serve as an introduction to the C/CAG Annual Financial Report. The C/CAG basic financial statements are comprised of four components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, 3) Notes to the Financial Statements, and 4) Required Supplementary Information.

FINANCIAL HIGHLIGHTS

- C/CAG total net position was \$28.49 million, an increase of \$1.0 million or 3.63%.
- The combined C/CAG revenues were \$16.50 million, an increase of \$1.47 million or 9.79%.
- The combined C/CAG expenses were \$15.50 million, an increase of \$1.40 million or 9.97%.

Government-wide Financial Statements: The *Government-wide Financial Statements* are designed to provide readers with a broad overview of the C/CAG finances. These statements include *all* assets and liabilities, using the full *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All revenues and expenses related to the current fiscal year are included regardless of when the funds are received or paid.

- The *Statement of Net Position* presents all the C/CAG assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator to determine whether the financial position of the Agency is improving or deteriorating.
- The *Statement of Activities* presents information showing how the C/CAG net position changed during the fiscal year. All changes in net position (revenues and expenses) are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Accordingly, revenues and expenses are reported in this statement for items that will result in cash flows in future fiscal periods (e.g., uncollected revenues, and accrued but unpaid interest expenses).

The services of the Agency are considered to be governmental activities including General and special purpose Government. All Agency activities are financed with investment income, City/County fees, State/Federal/Regional grants, Motor Vehicle Fees, and County Discretionary State/Federal Transportation funds.

Fund Financial Statements: A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Agency used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the C/CAG activities are reported in governmental funds. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental Fund Financial Statements provide a detailed view of the C/CAG operations. Governmental fund information helps to determine the amount of financial resources used to finance the C/CAG programs.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Notes to the Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the Government-wide and Fund Financial Statements.

Required Supplementary Information: In addition to the basic financial statements and accompanying notes, this section contains C/CAG's budgetary comparison schedules for all major governmental funds and C/CAG's obligation for the provision of pension to its employees.

FINANCIAL ANALYSIS

Net position is the excess of all the C/CAG's assets and deferred outflows of resources over liabilities and deferred inflows of resources. Net position may over time serve as a useful indicator of C/CAG financial position. The following table summarizes C/CAG's net position change from this year to last year.

Table 1
Statement of Net Position
June 30, 2023 and June 30, 2022

	2023	2022	\$ Change	% Change
Cash and investments (note 2)	\$ 28,183,276	\$ 27,432,198	\$ 751,078	2.74%
Accounts receivable and other assets	6,600,696	4,940,549	1,660,147	33.60%
Total Assets	34,783,972	32,372,747	2,411,225	7.45%
Deferred outflows related to pension & OPEB	473,602	221,732	251,870	113.59%
Total Deferred Outflow	473,602	221,732	251,870	113.59%
Current and other liabilities	5,850,999	4,276,802	1,574,197	36.81%
Long-term obligations	881,879	479,953	401,926	83.74%
Total Liabilities	6,732,878	4,756,755	1,976,123	41.54%
Deferred inflows related to pension & OPEB	35,758	347,500	(311,742)	-89.71%
Total Deferred Inflow	35,758	347,500	(311,742)	-89.71%
Net Position:				
Restricted	\$ 27,506,996	\$ 26,968,758	\$ 538,238	2.00%
Unrestricted	981,942	521,466	460,476	88.30%
Total Net Position	\$ 28,488,938	\$ 27,490,224	\$ 998,714	3.63%

MANAGEMENT'S DISCUSSION AND ANALYSIS

The total net position is \$28.49 million, an increase of \$1.00 million or 3.63% from the prior fiscal year. Significant changes during the fiscal year are as follows:

Total assets increased by \$2.41 million or 7.45%, of which \$0.75 million is the increase in cash in investment. The increase is mainly due to the decrease in interfund transfer from Congestion Management Program to San Mateo County Express Lanes Joint Powers Authority (SMCE-JPA). The intended amount of \$1 million was for the SMCE-JPA operating loan. The San Mateo 101 Express Lanes Project was completed in two phases and began fully operating in March 2023. No full budgeted amount was required to use in FY2022-23.

Accounts receivable and other assets increased by \$1.66 million or 33.6% from \$4.94 million to \$6.6 million. Of which \$0.89 is the increase in Congestion Management and BAAQMD program. The remaining \$0.77 million is the increase in San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA) for the loan and staff supporting services. In addition to the toll collection on the southern segment began in February 2022; the northern segment commenced tolling in March 2023. SMCEL-JPA is planning to pay \$0.33 million staff support services to C/CAG from the collected toll revenue in August 2023. It is anticipated that the administrative costs, operational and maintenance expenses can be covered by toll revenue from the express lanes. Thus, no operating loan is budgeted for FY2023-24.

Current and other liabilities increased by \$1.57 million or 36.8% from the prior year. This is primarily due to the timing for San Mateo County Transit District (Sam Trans) requesting the fund distribution for the Senior Mobility Program and consultant services from Eisenberg, Olivieri and Associates, Inc for Countywide Stormwater program in Measure M Fund. The change of C/CAG's long-term obligations include OPEB and proportionate shares of pension liability related deferred inflows and outflows have decreased by \$0.16 million in comparison with the prior year. The change is affected by the proportionate shares of contributions and investment gains of the CalPERS retirement pool.

The majority of C/CAG's net position is subject to external restrictions, such as grantor's stipulations or enabling legislation, on how they may be used. The restricted assets were \$27.51 million of the total net position. Of this amount, \$11.03 million is restricted for Congestion Management Program, \$9.36 million is restricted for Measure M, \$3.04 million is restricted for SMCEL-JPA, \$1.6 million is restricted for NPDES, and \$1.38 million is restricted for Bay Area Air Quality Management Program and \$0.53 million is restricted for AB1546. The remaining \$0.56 million is related to the Energy Watch Program.

Unrestricted net position can be used to finance day-to-day operations without constraints established by other legal requirements or restrictions. The unrestricted net position on June 30, 2023 was \$0.98 million.

Statement of Activities and Changes in Net Position

The Statement of Activities presents program revenues and expenses, and general revenues in detail. All of these are elements in the Changes in Governmental Net Position summarized in Table 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 2
Statement of Activities and Changes in Net Position
June 30, 2023 and June 30, 2022

	2023	2022	\$ Change	% Change
Revenues				
Program Revenues:				
Charges for services	\$ 11,377,999	\$ 11,701,449	\$ (323,450)	-2.76%
Operating grants and contributions	4,398,887	3,727,860	671,027	18.00%
General Revenues:				
Investment Income	721,575	(401,540)	1,123,115	279.70%
Total Revenues	16,498,461	15,027,769	1,470,692	9.79%
Expenses				
AB 1546	25,206	205,762	(180,556)	-87.75%
SMC Express Lane JPA	333,745	270,300	63,445	23.47%
Energy Watch	337,015	270,801	66,214	24.45%
General government	369,624	444,202	(74,578)	-16.79%
Air quality (BAAQMD)	1,087,294	919,801	167,493	18.21%
NPDES stormwater	1,831,079	1,608,799	222,280	13.82%
Congestion management	4,119,328	3,775,714	343,614	9.10%
Measure M	7,396,456	6,599,759	796,697	12.07%
Total Expenses	15,499,747	14,095,138	1,404,609	9.97%
Inc (Dec) in Net Position	998,714	932,631	66,083	7.09%
Beginning Net Position	27,490,224	26,557,593	932,631	3.51%
Ending Net Position	\$ 28,488,938	\$ 27,490,224	\$ 998,714	3.63%

The overall change in net position in the current fiscal year is an increase of \$1.00 million. The reasons for significant changes in the revenues and expenses are as follows:

Since 2007 members fees for General Fund and Gas Tax portion have not been increased. In fiscal year 2022-23 members fees were increased by 5% then escalated by consumer price index (CPI) in subsequent years with a ceiling of 3% pursuant to Resolution 22-04. The Congestion Relief Program assessment remains unchanged.

The combined amount of charges for services received decreased by \$0.32 million or 2.76%, from \$11.70 million to \$11.38 million. This is mainly driven by the receipt of \$0.26 million COVID-19 deferred payments of Congestion Relief Program Assessment that were collected in the prior year. The completion of California State Natural Resources Grant in FY2021-22 also contributed to the decrease in revenue as no more reimbursement for regional stormwater was captured in NPDES program in FY2022-23.

The combined amount of operating grants & contributions increased by \$0.67 million or 18%, compared to the prior year. The increase is primary due to the increase in funding reimbursement from the Metropolitan Transportation Commission for the Highway Planning and Construction Planning and Programming. This is an on-going planning grant. Revenue is on a reimbursable basis.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Investment income increased by \$1.12 million, or 279%, when compared to the previous year. This was particularly due to unfavorable unrealized gains from the GASB31 Fair Market Value adjustment which led to a \$0.58 million loss recognized at the prior year-end. The higher interest earnings in the current fiscal year also contributed to the increase in investment income.

Program expenses totaled \$15.50 million in the fiscal year 2022-2023, an increase of \$1.40 million or 9.97% from the prior year's expenses of \$14.09 million. Significant changes in the expenses of C/CAG's programs from the prior year are as follows:

- AB1546 program expenses decreased by \$0.18 million or 87.95%. The decrease is because funding to the Regional Congestion Management project was canceled in 2022 and the funding of \$0.13 million for the joint Green Infrastructure Pilot Project and Safe Route to School projects in FY2022-23 is moved to FY2023-24. Only minimal expenses were incurred in the current year.
- The Express Lanes JPA expenses increased by \$0.06 million or 23.47%. The expenses were mainly incurred for the staff support services provided by San Mateo County Public Works and C/CAG administrative support services in accordance with the Joint Powers Authority Agreement.
- Energy Watch Program expenses increased by \$0.07 million or 24.49% from the prior year. The increase is due to the additional funding source provided by Peninsula Clean Energy to backfill reduced funding from Pacific Gas & Electricity (PG&E) for the Energy Watch Program with more expenses incurred in the current year.
- General Government expenses decreased by \$0.07 million or 16.79%. The decrease is mainly associated with the decrease of proportionate share of pension liability.
- The Bay Area Air Quality program expenses increased by \$0.17 million or 18.21%. The increase is primarily due to the increase in fund distribution to Commute.org for Bart Shuttle Services. This program is to improve traffic congestion within the San Mateo County.
- NPDES program expenses increased by \$0.22 million or 13.82%. Most expenses were associated with technical support to the Countywide Stormwater Program, public information outreach, annual reporting, and web maintenance.
- Congestion Management Program expenses increased by \$0.34 million or 9.1%, mainly due to the increase in County staff support services provided by San Mateo County Public Works and the fund distribution to City of South San Francisco for construction of the South San Francisco Smart Corridor Project.
- Measure M expenses increased by \$0.8 million or 12.07% from the prior year. This is mainly caused by the timing for member jurisdictions submitting reimbursement requests. All member jurisdictions are allowed to rollover unclaimed allocated funding to next year. Funding distribution to members for congestion management increased from \$4 to \$4.98 million.

For a description of each of the Agency's programs, see Note 1 to financial statements.

CONTACTING THE C/CAG FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the C/CAG finances. Questions about this report or additional information can be obtained by contacting Sean Charpentier, the Executive Director of the City/County Association of Governments of San Mateo County at 555 County Center Fifth Floor, Redwood City, CA 94063, or the C/CAG Financial Agent which is the Finance Division at the City of San Carlos, 600 Elm Street, San Carlos, CA 94070.

This page intentionally left blank

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**City/County Association
of Governments of San Mateo County
Statement of Net Position
June 30, 2023**

ASSETS	
Cash and investments	\$ 28,183,276
Accounts receivable	3,831,382
Loans receivable	2,769,314
Total assets	34,783,972
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension related items	310,719
Deferred OPEB related items	162,883
Total deferred outflows of resources	473,602
LIABILITIES	
Accounts payable	4,392,552
Accrued liabilities	1,458,447
Net pension liability	699,031
Net OPEB liability	182,848
Total liabilities	6,732,878
DEFERRED INFLOWS OF RESOURCES	
Deferred pension related items	34,233
Deferred OPEB related items	1,525
Total deferred inflows of resources	35,758
NET POSITION	
Restricted for:	
Energy watch	564,995
AB 1546	525,868
BAAQMD	1,379,289
NPDES	1,603,451
San Mateo County Express Lane JPA	3,044,666
Measure M	9,362,417
Congestion Management	11,026,310
Total restricted	27,506,996
Unrestricted	981,942
Total net position	\$ 28,488,938

**City/County Association
of Governments of San Mateo County
Statement of Activities
For the year ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expenses) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 369,624	\$ -	\$ 289,433	\$ (80,191)
Special programs:				
Congestion management	4,119,328	2,280,975	2,230,686	392,333
National Pollutant Discharge & Elimination System	1,831,079	152,646	1,548,798	(129,635)
Bay Area Air Quality Management District	1,087,294	1,028,232	-	(59,062)
AB 1546	25,206	714	-	(24,492)
Energy watch	337,015	-	329,970	(7,045)
Measure M	7,396,456	7,583,633	-	187,177
San Mateo Express Lane JPA	333,745	331,799	-	(1,946)
Total governmental activities	\$ 15,499,747	\$ 11,377,999	\$ 4,398,887	277,139
General Revenues:				
Investment income (expenses)				721,575
Total general revenues				721,575
Change in net position				998,714
Net position - beginning of year				27,490,224
Net position - end of year				\$ 28,488,938

This page intentionally left blank

FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

**City/County Association
of Governments of San Mateo County
Balance Sheet
Governmental Funds
June 30, 2023**

	General Fund	Congestion Management	National Pollutant Discharge & Elimination System	Bay Area Air Quality Management District
ASSETS				
Cash and investments	\$ 1,309,941	\$ 11,140,042	\$ 1,867,166	\$ 1,219,149
Accounts receivable	215,704	1,030,643	-	503,229
Loans receivable	-	-	-	-
Total assets	\$ 1,525,645	\$ 12,170,685	\$ 1,867,166	\$ 1,722,378
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	99,668	992,892	263,715	343,089
Accrued liabilities	-	151,483	-	-
Total liabilities	99,668	1,144,375	263,715	343,089
Fund Balances:				
Restricted for:				
Congestion management	-	11,026,310	-	-
NPDES	-	-	1,603,451	-
Bay Area AQMD	-	-	-	1,379,289
AB 1546	-	-	-	-
Energy watch	-	-	-	-
Measure M	-	-	-	-
San Mateo County Express Lane JPA	-	-	-	-
Unassigned	1,425,977	-	-	-
Total fund balances	1,425,977	11,026,310	1,603,451	1,379,289
Total liabilities and fund balances	\$ 1,525,645	\$ 12,170,685	\$ 1,867,166	\$ 1,722,378

AB 1546	Energy Watch	Measure M	San Mateo County Express Lane JPA	Total Governmental Funds
\$ 525,868	\$ 645,467	\$ 11,467,007	\$ 8,636	\$ 28,183,276
-	57,536	1,692,471	331,799	3,831,382
-	-	-	2,769,314	2,769,314
<u>\$ 525,868</u>	<u>\$ 703,003</u>	<u>\$ 13,159,478</u>	<u>\$ 3,109,749</u>	<u>\$ 34,783,972</u>
-	138,008	2,490,097	65,083	4,392,552
-	-	1,306,964	-	1,458,447
-	138,008	3,797,061	65,083	5,850,999
-	-	-	-	11,026,310
-	-	-	-	1,603,451
-	-	-	-	1,379,289
525,868	-	-	-	525,868
-	564,995	-	-	564,995
-	-	9,362,417	-	9,362,417
-	-	-	3,044,666	3,044,666
-	-	-	-	1,425,977
<u>525,868</u>	<u>564,995</u>	<u>9,362,417</u>	<u>3,044,666</u>	<u>28,932,973</u>
<u>\$ 525,868</u>	<u>\$ 703,003</u>	<u>\$ 13,159,478</u>	<u>\$ 3,109,749</u>	<u>\$ 34,783,972</u>

**City/County Association
of Governments of San Mateo County
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2023**

Total Fund Balances - Total Governmental Funds	\$ 28,932,973
---	----------------------

Amounts reported for governmental activities in the statement of net position are different because:

In the Government-Wide Financial Statements, deferred employer contributions for pension and OPEB, certain differences between actuarial estimates and actual results, and other adjustments resulting from changes in assumptions and benefits are deferred in the current year.

Deferred outflows of resources related to pension	310,719
Deferred outflows of resources related to OPEB	162,883
Deferred inflows of resources related to pension	(34,233)
Deferred inflows of resources related to OPEB	(1,525)

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Net pension liability	(699,031)
Net OPEB liability	(182,848)

Net Position of Governmental Activities	\$ 28,488,938
--	----------------------

This page intentionally left blank

**City/County Association
of Governments of San Mateo County**
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2023

	General Fund	Congestion Management	National Pollutant Discharge & Elimination System	Bay Area Air Quality Management District
REVENUES:				
Member contributions	\$ 289,433	\$ 2,280,975	\$ -	\$ -
Intergovernmental	-	2,230,686	152,646	-
NPDES fees	-	-	1,548,798	-
AB 434 DMV fees	-	-	-	1,028,232
Investment income	47,498	253,598	42,590	27,898
Cost reimbursement	-	-	-	-
Total revenues	336,931	4,765,259	1,744,034	1,056,130
EXPENDITURES:				
Current:				
Professional services	358,585	2,866,431	1,764,135	157,705
Field and program supplies	7,466	-	-	-
Administrative expenses	152,384	248,971	4,790	-
Dues and memberships	1,500	4,600	30,604	-
Conferences and meetings	7,800	10,000	2,349	-
Publications	2,742	-	-	-
Distributions	-	989,326	29,193	929,589
Other	833	-	8	-
Total expenditures	531,310	4,119,328	1,831,079	1,087,294
REVENUES OVER (UNDER) EXPENDITURES	(194,379)	645,931	(87,045)	(31,164)
OTHER FINANCING SOURCES (USES):				
Transfers in	493,169	2,096,500	40,000	-
Transfers out	-	(593,312)	(57,503)	(4,902)
Total other financing sources (uses)	493,169	1,503,188	(17,503)	(4,902)
Net change in fund balances	298,790	2,149,119	(104,548)	(36,066)
FUND BALANCES:				
Beginning of year	1,127,187	8,877,191	1,707,999	1,415,355
End of year	\$ 1,425,977	\$ 11,026,310	\$ 1,603,451	\$ 1,379,289

AB 1546	Energy Watch	Measure M	San Mateo County Express Lane JPA	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 2,570,408
714	329,970	7,030,830	-	9,744,846
-	-	-	-	1,548,798
-	-	-	-	1,028,232
11,983	14,667	261,605	61,736	721,575
-	-	552,803	331,799	884,602
12,697	344,637	7,845,238	393,535	16,498,461
25,206	330,654	2,388,029	204,986	8,095,731
-	-	-	-	7,466
-	3,293	23,924	128,709	562,071
-	-	500	-	37,204
-	1,875	1,841	35	23,900
-	1,193	-	-	3,935
-	-	4,982,162	-	6,930,270
-	-	-	15	856
25,206	337,015	7,396,456	333,745	15,661,433
(12,509)	7,622	448,782	59,790	837,028
-	150,000	-	100,000	2,879,669
-	(47,005)	(2,176,947)	-	(2,879,669)
-	102,995	(2,176,947)	100,000	-
(12,509)	110,617	(1,728,165)	159,790	837,028
538,377	454,378	11,090,582	2,884,876	28,095,945
\$ 525,868	\$ 564,995	\$ 9,362,417	\$ 3,044,666	\$ 28,932,973

**City/County Association
of Governments of San Mateo County**
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Government-Wide Statement of Activities**
For the year ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 837,028
---	-------------------

Amounts reported for governmental activities in the Government-Wide Statement of Activities were different because:

Pension adjustments are recorded on the economic resources basis of accounting and therefore not reported as expenditures in the governmental funds.	116,272
--	---------

OPEB adjustments are recorded on the economic resources basis of accounting and therefore not reported as expenditures in the governmental funds.	45,414
---	--------

Change in Net Position of Governmental Activities	\$ 998,714
--	-------------------

NOTES TO BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City/County Association of Governments of San Mateo County (C/CAG), California was formed in 1990 as a joint exercise of powers between San Mateo County and all the cities and towns in San Mateo County. The purpose of C/CAG is to prepare, adopt, monitor and enforce County-wide State mandated plans for congestion management, integrated solid waste management, airport land use, hazardous waste management and water/air pollution reduction.

C/CAG is controlled by a twenty-one member board consisting of one member from each of the participating entities. None of the member entities exercise specific control over the budgeting and financing of C/CAG activities beyond their representation on the board. The County fulfills contractual obligations with C/CAG by providing engineering and professional services. Accounting services are provided by the City of San Carlos. C/CAG is administered by an Executive Director who works directly for the Board.

C/CAG's operations are financed by contributions made by each member agency and grants received from other governments, vehicle registration fees and fee for services.

B. Basis of Presentation

C/CAG's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Generally accepted accounting principles require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display overall information about C/CAG. C/CAG's activities generally are financed through grants and contributions received from other governments.

The Statement of Activities presents a summary of expenses specifically associated with each function of C/CAG's governmental activities. Program revenues include grants and contributions that are restricted to meeting the operational needs of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

C. Major Funds

Major funds are defined as funds that have either assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. C/CAG may also select other funds it believes should be presented as major funds.

C/CAG reported all its governmental funds as major funds in the accompanying financial statements:

General Fund – Finances all administrative and management functions relating to the C/CAG Board, the Administrator's Advisory Committee, Finance Committee, Airport Land Use Committee (ALUC) and Countywide Integrated Waste Management Plan Review Ad-Hoc Committee. Legal services finance and accounting services, office expenses and the coordination of all C/CAG programs and activities are also accounted for in this fund.

Congestion Management Fund – Finances the Congestion Management and Congestion Relief Programs, Smart Corridor Project, Countywide Transportation Plan, Bicycle/Pedestrian and Active Transportation Program, TDA Article #3 Fund Management, Local Shuttle Program, and policy development to better integrate transportation and land use. This fund provides the support to program the San Mateo County discretionary State/Federal Transportation Funds and Commute.Org for Countywide Voluntary Trip Reduction Program.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

C. Major Funds, Continued

National Pollutant Discharge and Elimination System Fund – The NPDES program is a response to the State/Federal Clean Water Act mandate directing San Mateo County jurisdictions to obtain a storm water discharge permit. C/CAG has been designated by its members as the coordinator of the program for the Water Pollution Prevention Program(WPPP). Its main objective is to implement a comprehensive storm water quality management program to protect the water quality of San Francisco Bay.

Bay Area Air Quality Management District Fund – Used to fund local programs implementing specified transportation control measures to improve air quality in the San Francisco Bay Area.

AB 1546 – State law authorized C/CAG Board to impose up to a \$4.00 fee increase to motor vehicle registration to fund this program. Half of the funds are for programs that provide congestion management, and the other half are for programs to address the impact of motor vehicles on the environment (water quality). This program expired in December 2012. C/CAG Board adopted Resolution 12-71 authorizing the fund expenditures plan for the unspent fund balance.

Energy Watch – The San Mateo County Energy Watch is a Local Government Partnership between C/CAG and Pacific Gas & Electric (PG&E). The objective of Energy Watch is to provide integrated approach to energy savings and incentives to encourage cost effective projects for municipal governments, non-profits, schools, farms, and small/medium businesses. C/CAG contracts with the County of San Mateo to implement the program. This fund also includes the activity of the County-wide Climate Action Planning function.

Measure M – This fund accounts for Motor Vehicle Fees of \$10 per vehicle per year for 25 years. This will raise approximately \$170 million, with \$85 million allocated to the cities and the County for Water Pollution Prevention Programs and Congestion Management Programs. The remaining \$85 million will go to transit and senior mobility improvement, safe routes to schools, Intelligent Transportation System projects, and County-wide Water Pollution Prevention Programs.

San Mateo County Express Lanes JPA – C/CAG and the San Mateo County Transportation Authority (TA) are Co-Sponsors of the Express Lanes project which created 44 miles (22 miles in each direction) of new express lanes on US 101 in San Mateo County. In April 2019, C/CAG Board approved Resolution 19-22 authorizing the C/CAG Chair to execute the Joint Exercise of Powers Agreement (JEPA) between C/CAG and TA to establish the San Mateo County Express Lanes Joint Powers Authority (SMCEL JPA). The SMCEL JPA owns and operates the express lanes. As the owner, the SMCEL JPA also administers express lane toll revenue funds. In accordance with the JEPA, C/CAG will provide certain staffing support to the SMCEL JPA. In addition, from its inception in June 2019 to the beginning of toll collection, the SMCEL JPA had no revenue. Hence, C/CAG and the TA committed to provide startup operating loans to the SMCEL JPA for its initial operation. C/CAG provided such operating loans from the Congestion Relief Fund. SMCEL JPA will begin to repay C/CAG when there is positive net toll revenue from the Express Lanes.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Governmental funds are reported using the *current financial resources* measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. C/CAG uses the modified accrual basis of accounting, under which revenues are recognized when they become available and measurable as net current assets. Expenditures are recognized when the related fund liability is incurred. Revenues susceptible to accrual consist of grants and interest. Grants collected within 365 days after year end are accrued as revenue.

Non-exchange Transactions, in which C/CAG gives or receives value without directly receiving or giving equal value in exchange, include grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.

E. Assets, Liabilities, Deferred Outflow/Inflow of Resources, and Net Position or Equity

Cash and Investments

The fund's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the fund are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The C/CAG categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

E. Assets, Liabilities, Deferred Outflow/Inflow of Resources, and Net Position or Equity, Continued

Receivables and Payables

All receivables are shown net of an allowance for uncollectible.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) OR "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category: deferred outflows relating to the net pension liability, and deferred outflows relating to the net OPEB liability reported in the government-wide statement of net position.

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two items that qualify for reporting in this category which are deferred inflows relating to the net pension liability and deferred inflows relating to the net OPEB liability reported in the government-wide statement of net position.

Fund Balance

In the fund financial statements, the fund reports the following fund balance classifications:

Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – Includes amounts that have constraints on the use of resources by being externally imposed, imposed by law through constitution, or through enabling legislation.

Committed – include amounts that only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, C/CAG's Board. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is Board resolution.

Assigned – include amounts that are constrained by C/CAG's intent to be used for specific purposes, but are neither restricted nor committed. C/CAG's Executive Director authorizes assigned amounts for specific purposes pursuant to the policy-making powers granted through a resolution.

Unassigned – The residual classification which includes all spendable amounts not contained in other classifications.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

E. Assets, Liabilities, Deferred Outflow/Inflow of Resources, and Net Position or Equity, Continued

Fund Balance Flow Policy

Sometimes C/CAG will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is C/CAG's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position

Net position is the excess of C/CAG's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net position is divided into two captions. These captions apply only to net position, which is determined only at the government-side level, and are described below:

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws or other restrictions which C/CAG cannot unilaterally alter.

Unrestricted describes the portion of net position which is not restricted to use.

Net Position Flow Assumption

Sometimes C/CAG will fund outlays for a particular purpose from both restricted (e.g., restricted bond of gran proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is C/CAG's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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, deferred outflows, liabilities, deferred inflows, revenues and expenses. Actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

C/CAG pools cash from all sources and all funds traditionally invests in San Mateo County Pool and Local Agency Investment Fund, consistent with the principles of safety and liquidity. Individual funds can make expenditures at any time. Investments are carried at fair value.

As of June 30, 2023, C/CAG's cash and investment balance was \$28,183,276 consisting of \$16,116,731 in the California Local Agency Investment Fund, \$10,683,853 in the San Mateo County Investment Pool, \$1,332,692 in money markets, and \$50,000 of cash in banks.

NOTE 2 - CASH AND INVESTMENTS, CONTINUED

A. Local Agency Investment Fund

C/CAG is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. The carrying value of LAIF approximates fair value. C/CAG reports its investments in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share.

At June 30, 2023, LAIF had invested 2.78% in structured notes and asset-backed securities as compared to 1.88% the previous year. The LAIF fair value factor of 0.984828499 was used to calculate the fair value of the investments in LAIF.

B. San Mateo County Investment Fund

C/CAG is a voluntary participant in the San Mateo County Investment Pool (SMCIP) that is regulated by California Government Code Section 53684 under the oversight of the treasurer of the County of San Mateo. The balance available for withdrawal is based on the accounting records maintained by SMCIP, which are recorded on an amortized cost basis. Included in SMCIP's investment portfolio are U.S. Treasury Notes, obligations issued by agencies of the U.S. Government, LAIF, corporate notes, commercial paper, collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. C/CAG reports its investments in SMCIP at the fair value amounts provided by SMCIP, which is the same as the value of the pool share. The fair value factor of .9715 was used to calculate the fair value of the investments in the SMCIP at June 30, 2023.

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of C/CAG's investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of C/CAG's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the C/CAG's investments by maturity:

Investment Type	12 Months or less
California Local Agency Investment Fund	\$ 16,116,731
San Mateo County Investment Pool	10,683,853
Money Market	1,332,692
Total investments	28,133,276
Total Cash in Banks and Cash on Hand	50,000
Total Cash and Investments	<u>\$ 28,183,276</u>

D. 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. LAIF and San Mateo County Investment Pool are not rated by a nationally recognized statistical rating organization.

City/County Association of Governments of San Mateo County
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 2 - CASH AND INVESTMENTS, CONTINUED

E. Authorized Investments by C/CAG

C/CAG's Investment Policy and the California Government Code allow C/CAG to invest in the following, provided the credit ratings of the issuers are acceptable to C/CAG. The following also identifies certain provisions of C/CAG and California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment in One Issuer
State of California Local Agency Investment Fund	Upon demand	N/A	\$75 million per account as approved by C/CAG Board	N/A
San Mateo County Investment Pool	Upon demand	N/A	As approved by C/CAG Board	N/A
U.S. Treasury Bonds, Notes, and Bills	5 years	N/A	100%	N/A
U.S. Government Agency and Federal Agency	5 years	N/A	100%	N/A
Bankers' Acceptances	180 days	N/A	40%	(B)
Commercial Paper	270 days	Highest letter and number rating by an NRSRO	25%	(A)
Negotiable Certificates of Deposits	5 years	N/A	30%	N/A
Placement Service Deposits - Deposits or Certificates	5 years	N/A	50%	N/A
Medium Term Corporate Notes	5 years	A	30%	N/A
Daily Money Market Funds	Upon demand	N/A	20%	10%

(A) 10% of outstanding paper of issuing corporation

(B) No more than 30% of the agency's money may be in bankers' acceptances of any one commercial bank.

F. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, C/CAG 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. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its Agent having a fair value of 105% to 150% of C/CAG's cash on deposit. All of C/CAG's bank deposits are either insured by the Federal Depositary Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions in C/CAG's name.

G. Fair Value Hierarchy

The C/CAG 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 fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

NOTE 2 - CASH AND INVESTMENTS, CONTINUED

G. Fair Value Hierarchy, Continued

The following is a summary of the fair value hierarchy of the fair value of investments of C/CAG as of June 30, 2023:

Investment Type	Exempt	Total
Investments by Fair Value:		
California Local Agency Investment Fund	\$ 16,116,731	\$ 16,116,731
San Mateo County Investment Pool	10,683,853	10,683,853
Total Investments at Fair Value	<u>\$ 26,800,584</u>	26,800,584
Cash in banks		<u>1,382,692</u>
Total Cash and Investments		<u>\$ 28,183,276</u>

Both the California Local Agency Investment Fund and the San Mateo County Investment Pool are external investment pool measured at fair value and exempt in the fair value hierarchy under GASB 72.

NOTE 3 - MEMBER CONTRIBUTIONS

Member contributions are nonrefundable and are assessed annually based on population and C/CAG's adopted budget for the current fiscal year. Member contributions were as follows during the fiscal year ended June 30, 2023:

Atherton	\$ 23,072
Belmont	85,421
Brisbane	16,972
Burlingame	114,751
Colma	11,288
Daly city	327,386
East Palo Alto	85,219
Foster City	107,534
Half Moon Bay	42,820
Hillsborough	34,509
Menlo Park	125,088
Millbrae	75,311
Pacifica	119,081
Portola Valley	15,212
Redwood City	299,887
San Bruno	150,309
San Carlos	102,857
South San Francisco	225,042
San Mateo	364,671
San Mateo County	224,756
Woodside	19,222
Total:	<u>\$ 2,570,408</u>

City/County Association of Governments of San Mateo County
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers during the fiscal year ended June 30, 2023, consisted of the following:

	Transfers Out:						
	Congestion	National Pollutant Discharge & Elimination	Bay Area Air Quality Management	Energy			
Transfers In:	Management	System	District	Watch	Measure M	Total	
General Fund	\$ 343,312	\$ 57,503	\$ 4,902	\$ 47,005	\$ 40,447	\$ 493,169	(A)
Congestion Management	-	-	-	-	2,096,500	2,096,500	(B)
National Pollutant Discharge & Elimination System	-	-	-	-	40,000	40,000	(B)
Energy Watch	150,000	-	-	-	-	150,000	(B)
San Mateo County Express Land JPA	100,000	-	-	-	-	100,000	(B)
Total Interfund Transfers	\$ 593,312	\$ 57,503	\$ 4,902	\$ 47,005	\$2,176,947	\$2,879,669	

(A) Administration overhead

(B) Capital projects

NOTE 5 - PENSION PLAN

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. C/CAG sponsors 2 miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and C/CAG resolution. CalPERS issues publicly available reports that include a full description of the pension plan 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 total service are eligible to retire at age 50 with statutorily reduced benefits. 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.

NOTE 5 - PENSION PLAN, CONTINUED

Benefits Provided, continued

The provisions and benefits of the plan in effect at June 30, 2023 are summarized as follows:

	<i>CCAG Miscellaneous Plan</i>	
	<i>Tier 1</i>	<i>PEPRA</i>
	On or after March 12, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 and up	52 and up
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	1.0% - 2.5%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates	14.03%	7.47%
Required UAL payment	\$ 52,048	\$ 1,031

Beginning in fiscal year 2016, CalPERS collects employer contributions for the plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL).

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are 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 for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is based on 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. C/CAG is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

C/CAG's contributions to the Plan for the measurement period ended June 30, 2022 were 83,910.

Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2023, C/CAG reported a net pension liability for its proportionate shares of the net pension liability of the Plan of \$699,031.

C/CAG's net pension liability for the Plan is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. C/CAG's proportion of the net pension liability was based on C/CAG's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

C/CAG's proportionate share of the net pension liability for the miscellaneous pool as of the measurement dates June 30, 2021 and June 30, 2022 was as follows:

Proportion - June 30, 2021	0.01882%
Proportion - June 30, 2022	0.01494%
Increase (Decrease)	-0.00388%

NOTE 5 - PENSION PLAN, CONTINUED

Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions, continued

For the year ended June 30, 2023, C/CAG recognized a pension expense (credit) of \$22,705. At June 30, 2023, C/CAG reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contribution subsequent to measurement date	\$ 93,571	\$ -
Differences between actual and expected experience	14,038	9,402
Changes in assumptions	71,630	-
Net differences between projected and actual earnings on plan investments	128,044	-
Differences between employer's contribution and the employer's proportionate share of contributions	640	6,890
Changes in employer's proportion	2,796	17,941
Total	<u>\$ 310,719</u>	<u>\$ 34,233</u>

\$93,571 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	
2024	\$ 46,725
2025	37,970
2026	19,905
2027	78,315

Actuarial Assumptions

For the measurement period ended June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2022 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Methods and Assumptions	
Valuation date	June 30, 2021
Measurement date	June 30, 2022
Inflation	2.30%
Salary increases	Varies by entry age and service
Investment rate of return	6.90%
Mortality rate table (1)	Derived using CalPERS' membership data for all funds
Post-retirement benefit increase	Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies

(1) The mortality table was developed based on CalPERS' specific data. The rates incorporate generational mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report that can be found on the CalPERS website.

NOTE 5 - PENSION PLAN, CONTINUED

Discount Rate

The discount rate used to measure the total pension liability as of the measurement date of June 30, 2022 was 6.90%, which differs from the discount rate used as of the measurement date of June 30, 2021, of 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. A detailed report testing these projections can be obtained from the CalPERS website.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The expected real rates of return by asset class are as follows:

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1-10 (a,b)
Global equity - cap-weighted	30%	4.45%
Global equity non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
Total	100%	

(a) An expected inflation of 2.30% used for this period

(b) Figures are based on the 2021-22 Asset Liability Management study

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents C/CAG's proportionate share of the net pension liability of the Plan, calculated using the discount rate of for the Plan, as well as what C/CAG's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (5.90%) or 1% point higher (7.90%) than the current rate:

Discount Rate		
1% Decrease 5.90%	Current 6.90%	1% Increase 7.90%
\$ 1,037,339	\$ 699,031	\$ 420,688

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS

General Information About the Other Post Employment Benefit Plan (OPEB)

C/CAG administers a single-employer defined benefit post-employment healthcare plan. Permanent employees who retire under C/CAG's retirement plan (CalPERS) are, pursuant to their respective collective bargaining agreements, eligible to have their medical insurance premiums reimbursed by C/CAG up to the Kaiser family premium rate. Medical insurance premiums for spouses and other dependents generally are not paid by C/CAG. Currently there are three retirees receiving this benefit.

During the fiscal year 2015, the Board authorized to participate in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT is administrated by CalPERS, and is managed by an appointed board not under the control of C/CAG, with a deposit of \$30,000 with CERBT to begin funding its OPEB liability. Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability (AAL) when such contributions are placed in an irrevocable trust or equivalent arrangement. This Trust is not considered a component unit of C/CAG and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

Employees Covered – Membership in the plan consisted of the following at June 30, 2023:

Active plan members	2
Inactive employees or beneficiaries currently receiving benefit payments	3
Inactive employees entitled to but not yet receiving benefit payments	0
Total	<u>5</u>

Net OPEB Liability

Actuarial Methods and Assumptions – C/CAG's net OPEB liability was measured as of 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 rolled forward to determine the total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Funding Method	Entry Age Normal Cost, level percent of pay
Assets Valuation Method	Market value of assets
Long Term Return on Assets	5.5% as of June 30, 2022 and 6.2% on June 30, 2021, net of plan investment expenses
Discount Rates	5.5% on June 30, 2022 and 6.2% on June 30, 2021, net of plan investment expenses
Salary Increase	3.0% per year. Since benefits do not depend on salary this is used to allocate the cost of benefits between service years.
Inflation Rate	2.5% per year
Healthcare Cost Trend Rates	4.0% per year for PEMHCA, other premiums and costs are expected to increase 5.6% in 2023, decreasing to 4.0% in 2076 and later
Mortality Improvement	MacLeod Watts Scale 2020 applied generationally from 2015

Discount Rate – The discount rate used to measure the total OPEB liability was 5.5%.

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS, CONTINUED

Changes in Net OPEB Liability

The changes in the Net OPEB Liability follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at Fiscal Year Ended 06/30/2022 (Measurement Date 06/30/2021)	\$ 462,685	\$ 340,000	\$ 122,685
Changes Recognized for the Measurement Period:			
Service cost	5,762	-	5,762
Interest on the total OPEB liability	28,003	-	28,003
Investment income	-	(41,308)	41,308
Employer contributions	-	50,016	(50,016)
Administrative expenses	-	(85)	85
Changes in assumptions	35,021	-	35,021
Benefit payments	(33,561)	(33,561)	-
Net changes	<u>35,225</u>	<u>(24,938)</u>	<u>60,163</u>
Balance at Fiscal Year Ended 06/30/2023 (Measurement Date 06/30/2022)	<u>\$ 497,910</u>	<u>\$ 315,062</u>	<u>\$ 182,848</u>

The following presents the net OPEB liability, as well as what the net OPEB 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 discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1%	Discount Rate	Discount Rate +1%
4.50%	5.50%	6.50%
\$ 241,487	\$ 182,848	\$ 134,147

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Net OPEB Liability/(Asset)		
Healthcare Cost Trend Rates		
1% Decrease	Current Trend	1% Increase
\$ 135,025	\$ 182,848	\$ 240,485

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS, CONTINUED

For the year ended June 30, 2023, C/CAG recognized OPEB Expense of \$43,856. As of fiscal year ended June 30, 2023, C/CAG reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$ 89,270	\$ -
Changes of assumptions	30,352	-
Differences between expected and actual experience	12,855	1,525
Net difference between projected and actual earnings on investments	30,406	-
Total	<u>\$ 162,883</u>	<u>\$ 1,525</u>

\$89,270 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Fiscal Year Ending June 30,	
2024	\$ 27,925
2025	21,250
2026	10,334
2027	12,579
	<u>\$ 72,088</u>

NOTE 7 - RISK MANAGEMENT

C/CAG is covered under the County of San Mateo's insurance policies. Therefore, the limitations and self-insured retentions applicable to the County also apply to C/CAG. Additional information on coverage and self-insured retentions can be obtained by contacting the County of San Mateo.

NOTE 8 - COOPERATIVE FUNDING AGREEMENT – LOAN RECEIVABLE

On November 14, 2019, the C/CAG Board approved Resolution 19-71 authorizing the C/CAG Chair to execute the Cooperative Funding (Loan) Agreement with San Mateo County Express Lanes Joint Power Authority (SMCEL-JPA) in the amount of \$872,456 to partially fund the fiscal year 2019-20 operations of SMCEL-JPA.

During the fiscal year ended June 30, 2022, the loan agreement was amended to provide for additional loan advances up to a maximum amount of \$1,314,045 to support a portion of the fiscal year 2021-2022 operations. SMCEL-JPA will repay C/CAG with interest, based on the net earning rates on the San Mateo County Investment Pool, when toll revenue is generated from the operation of the US101 Express Lanes. The express lane project commenced tolling on the southern segment (Whipple Ave. to Santa Clara County line) in February 2022 and commenced tolling on the northern segment (Whipple Ave to I-380) in March 2023. As of March 2023, the entire 44 lane miles were in operation as toll lanes. The loan balance as of June 30, 2023 was \$2,769,314.

NOTE 9 - COMMITMENTS AND CONTINGENT LIABILITIES

C/CAG is subject to litigation arising in the normal course of business. In the opinion of legal counsel there is no pending litigation which is likely to have a material adverse effect on the financial position of C/CAG.

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank

**City/County Association
of Governments of San Mateo County**
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Member contributions	\$ 289,433	\$ 289,433	\$ 289,433	\$ -
Investment income	5,000	5,000	47,498	42,498
Total revenues	294,433	294,433	336,931	42,498
EXPENDITURES:				
Current:				
Professional services	674,500	674,500	358,585	315,915
Field and program supplies	11,000	11,000	7,466	3,534
Administrative expenses	161,000	161,000	152,384	8,616
Dues and memberships	1,750	1,750	1,500	250
Conferences and meetings	15,500	15,500	7,800	7,700
Publications	14,000	14,000	2,742	11,258
Other	17,200	17,200	833	16,367
Total expenditures	894,950	894,950	531,310	363,640
REVENUES OVER (UNDER)				
EXPENDITURES	(600,517)	(600,517)	(194,379)	406,138
OTHER FINANCING SOURCES (USES):				
Transfers in	638,108	638,108	493,169	(144,939)
Total other financing sources (uses)	638,108	638,108	493,169	(144,939)
Net change in fund balances	\$ 37,591	\$ 37,591	298,790	\$ 261,199
FUND BALANCES:				
Beginning of year			1,127,187	
End of year			\$ 1,425,977	

**City/County Association
of Governments of San Mateo County**
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Congestion Management
For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
REVENUES:				
Member contributions	\$ 2,280,975	\$ 2,280,975	\$ 2,280,975	\$ -
Intergovernmental	2,293,240	2,293,240	2,230,686	(62,554)
Investment income	36,000	36,000	253,598	217,598
Total revenues	4,610,215	4,610,215	4,765,259	155,044
EXPENDITURES:				
Current:				
Professional services	5,388,000	5,388,000	2,866,431	2,521,569
Field and program supplies	2,000	2,000	-	2,000
Administrative expenses	351,000	351,000	248,971	102,029
Dues and memberships	25,000	25,000	4,600	20,400
Conferences and meetings	7,000	7,000	10,000	(3,000)
Publications	9,000	9,000	-	9,000
Distributions	4,777,000	4,777,000	989,326	3,787,674
Other	2,000	2,000	-	2,000
Total expenditures	10,561,000	10,561,000	4,119,328	6,441,672
REVENUES OVER (UNDER)				
EXPENDITURES	(5,950,785)	(5,950,785)	645,931	6,596,716
OTHER FINANCING SOURCES (USES):				
Transfers in	4,017,000	4,017,000	2,096,500	(1,920,500)
Transfers out	(1,622,333)	(1,622,333)	(593,312)	1,029,021
Total other financing sources (uses)	2,394,667	2,394,667	1,503,188	(891,479)
Net change in fund balances	\$ (3,556,118)	\$ (3,556,118)	2,149,119	\$ 5,705,237
FUND BALANCES:				
Beginning of year			8,877,191	
End of year			\$ 11,026,310	

**City/County Association
of Governments of San Mateo County**
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
National Pollutant Discharge & Elimination System
For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 152,295	\$ 152,295	\$ 152,646	\$ 351
NPDES fees	1,540,821	1,540,821	1,548,798	7,977
Investment income	12,000	12,000	42,590	30,590
Total revenues	1,705,116	1,705,116	1,744,034	38,918
EXPENDITURES:				
Current:				
Professional services	2,360,422	2,360,422	1,764,135	596,287
Administrative expenses	36,000	36,000	4,790	31,210
Dues and memberships	22,465	22,465	30,604	(8,139)
Conferences and meetings	6,000	6,000	2,349	3,651
Distributions	40,000	40,000	29,193	10,807
Other	1,000	1,000	8	992
Total expenditures	2,465,887	2,465,887	1,831,079	634,808
REVENUES OVER (UNDER)				
EXPENDITURES	(760,771)	(760,771)	(87,045)	673,726
OTHER FINANCING SOURCES (USES):				
Transfers in	40,000	40,000	40,000	-
Transfers out	(123,840)	(123,840)	(57,503)	66,337
Total other financing sources (uses)	(83,840)	(83,840)	(17,503)	66,337
Net change in fund balances	\$ (844,611)	\$ (844,611)	(104,548)	\$ 740,063
FUND BALANCES:				
Beginning of year			1,707,999	
End of year			\$ 1,603,451	

**City/County Association
of Governments of San Mateo County**
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Bay Area Air Quality Management District
For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
AB 434 DMV fees	\$ 1,045,400	\$ 1,045,400	\$ 1,028,232	\$ (17,168)
Investment income	7,000	7,000	27,898	20,898
Total revenues	1,052,400	1,052,400	1,056,130	3,730
EXPENDITURES:				
Current:				
Professional services	173,000	173,000	157,705	15,295
Administrative expenses	2,000	2,000	-	2,000
Distributions	1,511,000	1,511,000	929,589	581,411
Total expenditures	1,686,000	1,686,000	1,087,294	598,706
REVENUES OVER (UNDER) EXPENDITURES	(633,600)	(633,600)	(31,164)	602,436
OTHER FINANCING SOURCES (USES):				
Transfers out	(15,835)	(15,835)	(4,902)	10,933
Total other financing sources (uses)	(15,835)	(15,835)	(4,902)	10,933
Net change in fund balances	\$ (649,435)	\$ (649,435)	(36,066)	\$ 613,369
FUND BALANCES:				
Beginning of year			1,415,355	
End of year			\$ 1,379,289	

**City/County Association
of Governments of San Mateo County**
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
AB 1546
For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 714	\$ 714
Investment income	2,500	2,500	11,983	9,483
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>12,697</u>	<u>10,197</u>
EXPENDITURES:				
Current:				
Professional services	406,500	406,500	25,206	381,294
Distributions	125,000	125,000	-	125,000
Total expenditures	<u>531,500</u>	<u>531,500</u>	<u>25,206</u>	<u>506,294</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>(529,000)</u>	<u>(529,000)</u>	<u>(12,509)</u>	<u>516,491</u>
Net change in fund balances	<u>\$ (529,000)</u>	<u>\$ (529,000)</u>	<u>(12,509)</u>	<u>\$ 516,491</u>
FUND BALANCES:				
Beginning of year			538,377	
End of year			<u>\$ 525,868</u>	

**City/County Association
of Governments of San Mateo County**
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Energy Watch
For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 490,000	\$ 490,000	\$ 329,970	\$ (160,030)
Investment income	2,000	2,000	14,667	12,667
Total revenues	492,000	492,000	344,637	(147,363)
EXPENDITURES:				
Current:				
Professional services	708,500	708,500	330,654	377,846
Administrative expenses	16,000	16,000	3,293	12,707
Conferences and meetings	10,000	10,000	1,875	8,125
Publications	-	-	1,193	(1,193)
Total expenditures	734,500	734,500	337,015	397,485
REVENUES OVER (UNDER)				
EXPENDITURES	(242,500)	(242,500)	7,622	250,122
OTHER FINANCING SOURCES (USES):				
Transfers in	150,000	150,000	150,000	-
Transfers out	(18,198)	(18,198)	(47,005)	(28,807)
Total other financing sources (uses)	131,802	131,802	102,995	(28,807)
Net change in fund balances	\$ (110,698)	\$ (110,698)	110,617	\$ 221,315
FUND BALANCES:				
Beginning of year			454,378	
End of year			\$ 564,995	

**City/County Association
of Governments of San Mateo County**
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Measure M
For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 7,857,241	\$ 7,857,241	\$ 7,030,830	\$ (826,411)
Investment income	80,000	80,000	261,605	181,605
Cost reimbursement	50,000	50,000	552,803	502,803
Total revenues	7,987,241	7,987,241	7,845,238	(142,003)
EXPENDITURES:				
Current:				
Professional services	2,531,500	2,531,500	2,388,029	143,471
Administrative expenses	47,000	47,000	23,924	23,076
Dues and memberships	500	500	500	-
Conferences and meetings	7,000	7,000	1,841	5,159
Distributions	5,864,000	5,864,000	4,982,162	881,838
Total expenditures	8,450,000	8,450,000	7,396,456	1,053,544
REVENUES OVER (UNDER) EXPENDITURES	(462,759)	(462,759)	448,782	911,541
OTHER FINANCING SOURCES (USES):				
Transfers out	(4,114,902)	(4,114,902)	(2,176,947)	1,937,955
Total other financing sources (uses)	(4,114,902)	(4,114,902)	(2,176,947)	1,937,955
Net change in fund balances	\$ (4,577,661)	\$ (4,577,661)	(1,728,165)	\$ 2,849,496
FUND BALANCES:				
Beginning of year			11,090,582	
End of year			\$ 9,362,417	

**City/County Association
of Governments of San Mateo County**
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
San Mateo County Express Lane JPA
For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
REVENUES:				
Investment income	\$ 10,000	\$ 10,000	\$ 61,736	\$ 51,736
Cost reimbursement	-	-	331,799	331,799
Total revenues	10,000	10,000	393,535	383,535
EXPENDITURES:				
Current:				
Professional services	263,833	263,833	204,986	58,847
Administrative expenses	111,218	111,218	128,709	(17,491)
Conferences and meetings	-	-	35	(35)
Other	974,949	974,949	15	974,934
Total expenditures	1,350,000	1,350,000	333,745	1,016,255
REVENUES OVER (UNDER) EXPENDITURES	(1,340,000)	(1,340,000)	59,790	1,399,790
OTHER FINANCING SOURCES (USES):				
Transfers in	1,050,000	1,050,000	100,000	(950,000)
Total other financing sources (uses)	1,050,000	1,050,000	100,000	(950,000)
Net change in fund balances	\$ (290,000)	\$ (290,000)	159,790	\$ 449,790
FUND BALANCES:				
Beginning of year			2,884,876	
End of year			\$ 3,044,666	

This page intentionally left blank

**City/County Association
of Governments of San Mateo County
Required Supplementary Information
For the year ended June 30, 2023**

CalPERS Cost Sharing Plan

Schedule of the Proportionate Share of the Net Pension Liability - Last Ten Fiscal Years*

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017
Proportion of the net pension liability**	0.00414%	0.01233%	0.01273%	0.01298%
Proportionate share of the net pension liability	\$ 257,601	\$ 338,250	\$ 442,081	\$ 511,510
Covered payroll	\$ 272,087	\$ 285,078	\$ 257,693	\$ 270,037
Proportionate share of the net pension liability as a percentage of covered payroll	94.68%	118.65%	171.55%	189.42%
Fiduciary net position as a percentage of the total pension liability	83.03%	79.01%	75.20%	73.84%

Notes to the schedule:

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes).

Changes in Assumptions: For the measurement date June 30, 2022, the discount rate changed from 7.15% to 6.90%

* Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

** These amounts reflect C/CAG's proportion of the Miscellaneous Pool of the CalPERS Cost-Sharing Plan only.

6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
0.01341%	0.01374%	0.01410%	0.01882%	0.01494%
\$ 505,489	\$ 550,228	\$ 594,576	\$ 357,268	\$ 699,031
\$ 311,785	\$ 298,420	\$ 316,724	\$ 325,885	\$ 312,885
162.13%	184.38%	187.73%	109.63%	223.41%
75.10%	74.27%	73.59%	84.92%	71.83%

**City/County Association
of Governments of San Mateo County
Required Supplementary Information
For the year ended June 30, 2023**

***CalPERS Cost Sharing Plan
Schedule of Pension Plan Contributions - Last 10 Fiscal Years****

Fiscal Year Ended	2015	2016	2017	2018
Actuarially determined contribution	\$ 43,618	\$ 41,142	\$ 40,857	\$ 54,162
Contributions in relation to actuarially deemed contributions	(43,618)	(41,142)	(40,857)	(54,162)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 285,078	\$ 257,693	\$ 270,037	\$ 311,785
Contributions as a percentage of covered payroll	15.30%	15.97%	15.13%	17.37%

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	8 years as of the Valuation Date
Asset valuation method	Market Value of Assets
Discount Rate	6.90%
Inflation	2.50%
Salary increases	Annual increase vary by category, entry age and duration of service
Retirement age	50 and up

*Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

2019	2020	2021	2022	2023
\$ 61,955	\$ 70,981	\$ 80,555	\$ 83,910	\$ 93,591
(61,955)	(70,981)	(80,555)	(83,910)	(93,591)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 298,420	\$ 316,724	\$ 325,885	\$ 312,885	\$ 329,989
20.76%	22.41%	24.72%	26.82%	28.36%

**City/County Association
of Governments of San Mateo County
Required Supplementary Information
For the year ended June 30, 2023**

Schedule of Changes in the Net OPEB Liability and Related Ratios - Last 10 Fiscal Years*

Measurement Date	6/30/2017	6/30/2018	6/30/2019
Total OPEB Liability			
Service cost	\$ 20,211	\$ 22,676	\$ 24,240
Interest	16,127	17,515	19,323
Differences between expected and actual experience	(9,558)	-	(21,201)
Changes of assumptions	8,580	7,876	37,405
Benefit payments	(23,408)	(9,531)	(10,330)
Net change in the total OPEB liability	11,952	38,536	49,437
Total OPEB liability - beginning	239,601	251,553	290,089
Total OPEB liability - ending (a)	251,553	290,089	339,526
Plan Fiduciary Net Position			
Contribution - employer	48,408	54,162	53,132
Net investment income	4,093	5,389	9,662
Administrative expense	(31)	(46)	(30)
Other expenses	-	(115)	-
Benefit payments, including refunds of employee contributions	(23,408)	(9,531)	(10,330)
Net change in plan fiduciary net position	29,062	49,859	52,434
Plan fiduciary net position - beginning	57,882	86,944	136,803
Plan fiduciary net position - ending (b)	86,944	136,803	189,237
Net OPEB liability/asset - ending (a) - (b)	\$ 164,609	\$ 153,286	\$ 150,289
Covered-employee payroll	\$ 311,785	\$ 283,864	\$ 298,420
Net OPEB liability as a percentage of covered-employee payroll	52.80%	54.00%	50.36%

Notes to schedule:

* Fiscal year 2018 was the 1st year of implementation.

<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>
\$ 27,879	\$ 28,715	\$ 5,762
22,675	25,324	28,003
-	30,225	-
-	6,362	35,021
(9,217)	(8,804)	(33,561)
41,337	81,822	35,225
339,526	380,863	462,685
380,863	462,685	497,910
57,669	49,048	50,016
10,179	52,102	(41,308)
(94)	(120)	(85)
-	-	-
(9,217)	(8,804)	(33,561)
58,537	92,226	(24,938)
189,237	247,774	340,000
247,774	340,000	315,062
<u>\$ 133,089</u>	<u>\$ 122,685</u>	<u>\$ 182,848</u>
\$ 308,984	\$ 325,887	\$ 313,888
43.07%	37.65%	58.25%

**City/County Association
of Governments of San Mateo County
Required Supplementary Information
For the year ended June 30, 2023**

Schedule of OPEB Contributions - Last 10 Fiscal Years*

Fiscal Year Ended June 30,	2018	2019	2020**	2021
Actuarially determined contribution	\$ 54,162	\$ 54,899	\$ 55,709	\$ 49,312
Contributions in relation to the actuarially determined contribution	(54,162)	(53,132)	(57,669)	(49,048)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 1,767</u>	<u>\$ (1,960)</u>	<u>\$ 264</u>
Covered employee payroll	\$ 283,864	\$ 298,420	\$ 308,984	\$ 325,887
Contributions as a percentage of covered employee payroll	19.08%	17.80%	18.66%	15.05%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

*Valuation date	June 30, 2021
Funding method	Entry Age Normal Cost, level % of pay
Amortization period	8 year closed Level Dollar
Asset valuation method	Market value
General inflation rate	2.50%
Healthcare Trend Rates	5.7% in 2022, fluctuates until ultimate rate of 4% in 2076
Salary increases	3.00%
Investment rate of return	6.10%
Retirement age	Ages 50 to 75
Mortality	CalPERS 2017 Experience Study
Mortality improvement	MacLeoad Watts Scale 2020

*Fiscal year 2018 was the 1st year of implementation.

**The actuarially determined contribution for fiscal year ended June 30, 2020 was developed from the 2017 valuation.

2022	2023
\$ 50,016	\$ 24,980
(50,016)	(89,270)
<u>\$ -</u>	<u>\$ (64,290)</u>
\$ 313,888	\$ 347,103
15.93%	25.72%

**City/County Association
of Governments of San Mateo County
Required Supplementary Information
For the year ended June 30, 2023**

Notes to Required Supplementary Information - C/CAG Budgetary Information

C/CAG's Governing Board adopts an annual operating budget on or before June 30 for the ensuing fiscal year for all funds. C/CAG follows a budgeting process in which C/CAG plans and objectives are outlined and budgeted. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various funds.

C/CAG's Governing Board may amend the budget by resolution during the fiscal year. Budgets are adopted on a basis consistent with generally accepted accounting principles.

Expenditures in Excess of Budget

For the year ended June 30, 2023, none of the funds had expenditures exceeding the budgeted amounts.

C/CAG AGENDA REPORT

Date: November 29, 2023

To: C/CAG Finance Committee

From: Sean Charpentier, Executive Director

Subject: Accept the C/CAG State Transportation Improvement Program (STIP) Planning, Programming & Monitoring Program (PPM) Final Project Expenditure Audit Report from July 1, 2022 through June 30, 2023

(For further information contact Sean Charpentier at scharpentier@smcgov.org)

RECOMMENDATION

That the Finance Committee accept the C/CAG State Transportation Improvement Program (STIP) Planning, Programming & Monitoring Program (PPM) Final Project Expenditure Audit Report from July 1, 2022 through June 30, 2023.

FISCAL IMPACT

None.

SOURCE OF FUNDS

State Transportation Improvement Program (STIP) Planning, Programming & Monitoring (PPM) funds come from State transportation grant.

BACKGROUND

C/CAG received a State grant for Planning, Programming & Monitoring (PPM) fund from the State Transportation Improvement Program (STIP), in an amount of \$235,000 for fiscal year 2022/23. This grant was expended during the period from July 1, 2022 through June 30, 2023.

To comply with grantor's requirement, an independent audit was performed on this state grant. Final Project Expenditure Audit Report is shown in the attachment. No issues were identified that required correction.

The auditor expressed their opinion that the financial statements present fairly, in all material respects, the Final Project Expenditure Report as of June 30, 2023, and the respective changes in financial position for the period of July 1, 2022 through June 30, 2023, then ended in conformity with accounting principles generally accepted in the United States of America.

ATTACHMENT

1. C/CAG State Transportation Improvement Program (STIP) Planning, Programming & Monitoring Program (PPM) Final Project Expenditure Audit Report from July 1, 2022 through June 30, 2023 (*Attached as well as available on the C/CAG website (See "Additional Agenda Materials") at: <http://ccag.ca.gov/committees/finance-committee/>*)

**City/County Association of
Governments of
San Mateo County**

**State Transportation
Improvement Program
and Planning, Programing &
Monitoring Program**

Project Number PPM22L-6419(033)

***Project Expenditures Report and
Independent Auditor's Reports***

From July 01, 2022 through June 30, 2023

**City/County Association of Governments
of San Mateo County
State Transportation Improvement Program
Planning, Programming & Monitoring Program
From July 1, 2022 June 30, 2023**

Table of Contents

	<u>Page</u>
Independent Auditor’s Report	1
Project Expenditures Report	3
Notes to the Project Expenditures Report	4
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	5
Independent Auditor’s Report on Compliance with Applicable Requirements and on Internal Control over Compliance	7

This page intentionally left blank

INDEPENDENT AUDITOR'S REPORT

Governing Board of City/County Association of
Governments of San Mateo County
Redwood City, California

Report on the Audit of the Project Expenditures Report

Opinion

We have audited the accompanying Project Expenditures Report (Report) for Project Number PPM 23L-6419(033) (Program) of the City/County Association of Governments of San Mateo County, California (C/CAG), for the period of July 01, 2022 through June 30, 2023, and the related notes to the Report.

In our opinion, the Report referred to above presents fairly, in all material respects, the revenues and expenditures for the Program for the period of July 01, 2022 through June 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Project Expenditures Report section of our report. We are required to be independent of C/CAG 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 2, the Report presents only the revenues and expenditures for the Program and do not purport to, and do not, present fairly the financial position of C/CAG, as of June 30, 2023, and the changes in its 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.

Responsibilities of Management for the Project Expenditures Report

Management is responsible for the preparation and fair presentation of the Report 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.

Auditor's Responsibilities for the Audit of the Project Expenditures Report

Our objectives are to obtain reasonable assurance about whether the Report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 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 Report.

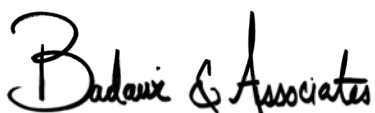
In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Report, 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 Report.
- 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 Program'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 Report.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2023 on our consideration of the C/CAG'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 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 C/CAG's internal control over financial reporting and compliance.



Badawi & Associates, CPAs
Berkeley, California
November 14, 2023

**City/Council Association of Governments
of San Mateo County**
Project Expenditures Report
Project Number PPM23L-6419(033)
From July 1, 2023 through June 30, 2023

State Funds Allocated:	<u><u>\$ 235,000</u></u>
Expenditures Incurred:	
Project Costs:	
Construction - Non-Infrastructure	\$ 338,547
Sources and Amounts of Additional Funds Used (Local Funds):	<u>(103,547)</u>
State Funds Allocated but Not Used	<u><u>\$ -</u></u>

**City/County Association of
Governments of San Mateo County
State Transportation Improvement Program
Planning, Programming & Monitoring
Notes to Project Expenditures Report for PPM23L-6419(033)
From July 01, 2022 through June 30, 2023**

1. PROJECT DESCRIPTION

PPM is defined as the project planning, programming and monitoring activities related to development of the Regional Transportation Improvement Program (RTIP) and the STIP as required, and for the monitoring of project implementation for projects approved in the STIP.

2. BASIS OF ACCOUNTING

The STIP PPM Fund Transfer Agreement for State Funded Projects authorizes the use of monies received by the state for certain purposes. Reimbursement requests are submitted to the State to release funds directly to the City/County Association of Governments of San Mateo County (C/CAG). The amounts distributed to C/CAG are maintained in C/CAG's Congestion Management Fund. The expenditures and revenues of other activities of C/CAG have not been included in this report. This report is presented in accordance with the STIP PPM Fund Transfer Agreement for State Funded Projects.



**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 Auditor's Report

To the Governing Board of the City/County Association of
Governments of San Mateo County
Redwood City, 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City/County Association of Governments of San Mateo County (C/CAG), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise C/CAG's basic financial statements and have issued our report thereon dated November 14, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered C/CAG'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 C/CAG's internal control. Accordingly, we do not express an opinion on the effectiveness of C/CAG'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.

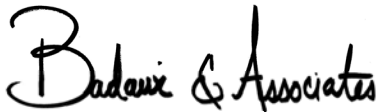
To the Governing Board of the City/County Association of
Governments of San Mateo County
Redwood City, California
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether C/CAG'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 statement. 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 handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Berkeley, California
November 14, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Governing Board of City/County Association of
Governments of San Mateo County
Redwood City, California

Report on Compliance

Opinion

We have audited the City/County Association of Governments of San Mateo County's (C/CAG) compliance with the types of compliance requirements in State Transportation Improvement Program (STIP) Planning, Programming and Monitoring Program (PPM) Fund Transfer Agreement for Project PPM23L-6419(033) (Program) that could have a direct and material effect on the Project Expenditures Report (Report) for the period of July 01, 2022 through June 30, 2023.

In our opinion, C/CAG complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Program for the period of July 01, 2022 through June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 Compliance section of our report.

We are required to be independent of C/CAG and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the Program. Our audit does not provide a legal determination of C/CAG's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on C/CAG's compliance based on our audit. 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 material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about C/CAG's compliance with the requirements of the Program as a whole.

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 noncompliance, 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 C/CAG's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of C/CAG's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Transportation Improvement Program Planning, Programming and Monitoring Program Fund Transfer Agreement for Project PPM23L-6419(033), but not for the purpose of expressing an opinion on the effectiveness of C/CAG's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

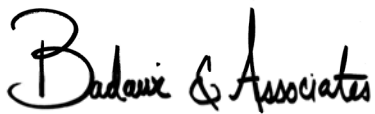
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 requirements in the State Transportation Improvement Program Planning, Programming and Monitoring Program Fund Transfer Agreement for Project PPM23L-6419(033). Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Berkeley, California
November 14, 2023

C/CAG AGENDA REPORT

Date: November 29, 2023
To: C/CAG Finance Committee
From: Sean Charpentier, Executive Director
Subject: Accept the Measure M Fund Financial Statements (Audit) for the Year Ended June 30, 2023

(For further information contact Sean Charpentier at scharpentier@smcgov.org)

RECOMMENDATION

That the C/CAG Finance Committee accept the Measure M Fund Financial Statements (Audit) for the Year Ended June 30, 2023.

FISCAL IMPACT

None.

SOURCE OF FUNDS

Dedicated motor vehicle fee.

BACKGROUND

On an annual basis, C/CAG conducts a separate independent audit on the Measure M Fund (\$10 vehicle registration fee). An audit report (Financial Statements) for the Measure M Funds for the year ended June 30, 2023 has been prepared. No issue was identified that require correction.

The auditor expressed their opinion that the Measure M financial statements present fairly, in all material respects, the respective financial position of the Measure M Fund, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

ATTACHMENT

1. Measure M Fund Financial Statements (audit report) for Fiscal Year Ended June 30, 2023
(Attached as well as available on the C/CAG website (See "Additional Agenda Materials") at:
<http://ccag.ca.gov/committees/finance-committee/>)

City/County Association of Governments of San Mateo County

Measure M Fund

Redwood City, California

*Financial Statements and
Independent Auditor's Reports*

For the year ended June 30, 2023

**City/County Association of Governments
of San Mateo County
Measure M Fund
For the year ended June 30, 2023**

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Balance Sheet.....	5
Statement of Revenues, Expenditures and Changes in Fund Balance	6
Notes to the Basic Financial Statements	7
Required Supplementary Information:	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	12
Notes to Required Supplementary Information	13
Independent Auditor's Report on Compliance with Applicable Requirements and on Internal Control over Compliance	15

INDEPENDENT AUDITOR'S REPORT

Governing Board of City/County Association of
Governments of San Mateo County
Redwood City, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Measure M Fund (Fund) of the City/County Association of Governments of San Mateo County (C/CAG), California, as of and for the year ended June 30, 2023, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of June 30, 2023, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. 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 Fund 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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of C/CAG, as of June 30, 2023, and the changes in its 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.

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 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.

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 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, 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 Fund'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 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.

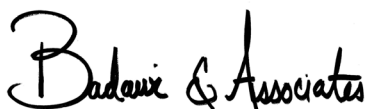
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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.

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 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 information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2023 on our consideration of the C/CAG'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 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 C/CAG's internal control over financial reporting and compliance.



Badawi & Associates, CPAs
Berkeley, California
November 14, 2023

This page intentionally left blank

City/Council Association of Governments
of San Mateo County
Measure M Fund
Balance Sheet
June 30, 2023

	Measure M Fund
ASSETS:	
Cash	\$ 11,467,007
Accounts receivable	1,692,471
Total assets	\$ 13,159,478
LIABILITIES	
Accounts payable	\$ 2,490,097
Accrued liabilities	1,306,964
Total liabilities	3,797,061
FUND BALANCE:	
Restricted for Measure M	9,362,417
Total fund balance	9,362,417
Total liabilities and fund balance	\$ 13,159,478

**City/Council Association of Governments
of San Mateo County**

Measure M Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

For the year ended June 30, 2023

	Measure M Fund
REVENUES:	
From other agencies	\$ 7,030,830
Cost reimbursement	552,803
Investment income	261,605
Total revenues	<u>7,845,238</u>
EXPENDITURES:	
Distributions	4,982,162
Professional services	2,388,029
Conferences and meetings	1,841
Administrative services	23,924
Publications	500
Total expenditures	<u>7,396,456</u>
REVENUES OVER (UNDER) EXPENDITURES	448,782
OTHER FINANCING SOURCES (USES):	
Transfers in	-
Transfers out	<u>(2,176,947)</u>
Total other financing sources (uses)	<u>(2,176,947)</u>
Net change in fund balance	(1,728,165)
FUND BALANCES:	
Beginning of year	<u>11,090,582</u>
End of year	<u><u>\$ 9,362,417</u></u>

**City/County Association of
Governments of San Mateo County
Measure M Fund
Notes to Basic Financial Statements
For the year ended June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City/County Association of Governments of San Mateo County (C/CAG), California Measure M Fund (Fund) is used to account for the Fund's activities. This fund accounts for Motor Vehicle Fees of \$10 per vehicle per year for 25 years. This will raise a total of approximately \$170 million, with \$85 million allocated to the cities and San Mateo County for Water Pollution Prevention Programs and Congestion Management Programs. The remaining \$85 million will go to transit and senior mobility improvement, safe routes to schools, Intelligent Transportation System projects, and County-wide Water Pollution Prevention Programs.

The Fund is a governmental fund of C/CAG, and the accompanying financial statements are included in the C/CAG basic financial statements.

The accompanying financial statements are for the Fund only and are not intended to fairly present the financial position of C/CAG or the results of its operations.

B. Basis of Presentation – Fund Financial Statements

The Fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major funds. The Fund reports the following major governmental fund:

The Measure M Fund (Fund) is the primary operating fund. It accounts for all financial resources.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues susceptible to accrual consist of grants and interest. Grants collected within 365 days after year-end are accrued as revenue. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**City/County Association of
Governments of San Mateo County
Measure M Fund
Notes to Basic Financial Statements
For the year ended June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, Deferred Inflows, and Net Position or Equity

Cash and Investments

The Fund's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. C/CAG categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Receivables and Payables

All receivables are shown net of an allowance for uncollectibles.

Activity between C/CAG funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

**City/County Association of
Governments of San Mateo County
Measure M Fund
Notes to Basic Financial Statements
For the year ended June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, Deferred Inflows, and Net Position or Equity, Continued

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Fund has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position and governmental fund balance sheet 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Fund has no items that qualify for reporting in this category.

Fund Equity

The Fund reports a restricted fund balance which include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

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, liabilities, revenues, and expenses. Actual results could differ from those estimates.

**City/County Association of
Governments of San Mateo County
Measure M Fund
Notes to Basic Financial Statements
For the year ended June 30, 2023**

2. CASH AND INVESTMENTS

At June 30, 2023, the Fund's cash and investment totaled \$11,467,007.

The investment fair value measurements within the fair value hierarchy are established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Fund's cash and investments are pooled with C/CAG's cash and investments in order to generate optimum interest income. Each C/CAG funds' share of the pooled cash account is separately accounted for, and investment income is allocated to all participating funds based on the relationship of their average daily cash balances to the total of the pooled cash and investments. Information regarding the authorized types of deposits and investments, the type of risks (i.e., credit, interest rate, custodial, etc.). Fair value hierarchy and other disclosures associated with the fund's pooled cash and investments is included in the C/CAG's basic financial statements, which are available at 555 County Center Fifth Floor, Redwood City, CA 94063.

3. COMMITMENTS AND CONTINGENT LIABILITIES

The Fund is subject to litigation arising in the normal course of business. In the opinion of legal counsel there is no pending litigation, which is likely to have a material adverse effect on the financial position of the fund.

REQUIRED SUPPLEMENTARY INFORMATION

**City/Council Association of Governments
of San Mateo County**

Measure M Fund

**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
From other agencies	\$ 7,907,241	\$ 7,907,241	\$ 7,030,830	\$ (876,411)
Cost reimbursement	-	-	552,803	552,803
Investment income	80,000	80,000	261,605	181,605
Total revenues	<u>7,987,241</u>	<u>7,987,241</u>	<u>7,845,238</u>	<u>\$ (142,003)</u>
EXPENDITURES:				
Distributions	5,864,000	5,864,000	4,982,162	881,838
Professional services	2,531,500	2,531,500	2,388,029	143,471
Conferences and meetings	7,000	7,000	1,841	5,159
Administrative services	47,000	47,000	23,924	23,076
Publications	500	500	500	-
Total expenditures	<u>8,450,000</u>	<u>8,450,000</u>	<u>7,396,456</u>	<u>1,053,544</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(462,759)</u>	<u>(462,759)</u>	<u>448,782</u>	<u>(911,541)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(4,114,902)</u>	<u>(4,114,902)</u>	<u>(2,176,947)</u>	<u>1,937,955</u>
Total other financing sources (uses)	<u>(4,114,902)</u>	<u>(4,114,902)</u>	<u>(2,176,947)</u>	<u>1,937,955</u>
Net change in fund balance	<u><u>\$ (4,577,661)</u></u>	<u><u>\$ (4,577,661)</u></u>	<u>(1,728,165)</u>	<u><u>\$ 2,849,496</u></u>
FUND BALANCES:				
Beginning of year			<u>11,090,582</u>	
End of year			<u><u>\$ 9,362,417</u></u>	

**City/County Association of
Governments of San Mateo County
Measure M Fund
Required Supplementary Information
For the year ended June 30, 2023**

1. BUDGET AND BUDGETARY ACCOUNTING

C/CAG's Governing Board adopts an annual operating budget on or before June 30 for the ensuing fiscal year for all funds. C/CAG follows a budgeting process in which C/CAG plans and objectives are outlined and budgeted. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various funds.

C/CAG's Governing Board may amend the budget by resolution during the fiscal year. Budgets are adopted on a basis consistent with generally accepted accounting principles.

This page intentionally left blank

**INDEPENDENT AUDITOR'S REPORT ON MEASURE M COMPLIANCE
AND ON INTERNAL CONTROL OVER COMPLIANCE**

Governing Board of City/County Association of
Governments of San Mateo County
Redwood City, California

Report on Compliance for Measure M

Opinion

We have audited the City/County Association of Governments of San Mateo County's (C/CAG) compliance with the types of compliance requirements in Measure M and California Government Code Section 65089.20 that could have a direct and material effect on the Measure M Fund (Fund) for the year ended June 30, 2023.

In our opinion, C/CAG complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Fund for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 Compliance section of our report.

We are required to be independent of C/CAG and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the Fund. Our audit does not provide a legal determination of C/CAG's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Fund.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on C/CAG's compliance based on our audit. 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 material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about C/CAG's compliance with the requirements of the Fund as a whole.

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 noncompliance, 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 C/CAG's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of C/CAG's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Measure M and California Government Code Section 65089.20, but not for the purpose of expressing an opinion on the effectiveness of C/CAG's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

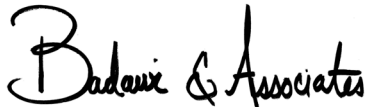
Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 requirements of Measure M and California Government Code Section 65089.20. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Berkeley, California
November 14, 2023

C/CAG AGENDA REPORT

Date: November 29, 2023

To: C/CAG Finance Committee

From: Sean Charpentier, Executive Director

Subject: Review and approve the 2024 Finance Committee Meeting Calendar

(For further information contact Kim Wever at kwever@smcgov.org)

RECOMMENDATION

It is recommended that the Finance Committee review and approve the meeting calendar for 2024.

FISCAL IMPACT

None

SOURCE OF FUNDS

None

BACKGROUND

The Quarterly Investment report developed by San Carlos staff requires an internal review and approval process by the City's Investment Committee. Reports are typically available to C/CAG one and a half months following the end of the quarter.

The following dates are proposed:

Review Quarter	Meeting Date (12:00PM Noon)
October-December 2023	Wednesday, February 21, 2024
Draft Budget Study Session	Wednesday, April 24, 2024 ¹
January-March 2024	Wednesday, May 22, 2024
April-June 2024	Wednesday, August 21, 2024
July- September 2024	Wednesday, December 4, 2024 ²

- 1) In 2022, C/CAG Board requested the Committee to review the Draft Annual Budgets before it goes to the C/CAG Board in May. Therefore, staff is recommending to continue having an extra meeting in April to discuss the Draft Budget only.
- 2) Due to the Thanksgiving Holiday on November 28, 2024, staff is recommending to postpone the meeting to the following week.

Staff recommends the Finance Committee review and approve the meeting calendar for 2024.

ATTACHMENTS

None

C/CAG AGENDA REPORT

Date: November 29, 2023

To: C/CAG Finance Committee

From: Sean Charpentier, Executive Director

Subject: Presentation on CAMP Pool

(For further information contact Kim Wever at kwever@smcgov.org)

RECOMMENDATION

It is recommended that the Finance Committee receive a presentation on the CAMP Fund.

FISCAL IMPACT

None

SOURCE OF FUNDS

None

BACKGROUND

California Asset Management Program (“CAMP”) is a California Joint Powers Authority (“JPA”) established in 1989 to provide California public agencies with professional investment services. Investments offered through the Cash Reserve Portfolio (the “Pool” or the “CAMP Pool”) and CAMP Term are permitted for all local agencies under California Government Code Section 53601(p). The Program also offers educational resources, market updates and arbitrage rebate compliance services. CAMP is directed by a Board of Trustees, which is made up of experienced local government finance directors and treasurers.

CAMP is governed by a Board of Trustees, which is made up of experienced local government finance officers and treasurers. CAMP offers a range of services to assist Investors/Participants with their investment and arbitrage compliance needs. PFM Asset Management LLC (PFMAM) provides day-to-day portfolio management and program administrative services for CAMP. PFMAM specializes in providing investment management services to public agencies nationwide including 18 local government investment pools comprising \$52.6 billion in combined total assets from over 5,500 participants in those services.

At the August meeting, Committee members requested an informational presentation on the CAMP Pool. Representatives from PFMAM will present at the Finance Committee’s November meeting.

ATTACHMENTS

None