

C/CAG
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*

November 5, 2025

Badawi & Associates, CPAs
5901 Christie Ave., Suite 307
Emeryville, CA 94608

This representation letter is provided in connection with your audit of the financial statements of the Measure M Fund (Fund) of the City/County Association of Governments of San Mateo County (C/CAG) as of June 30, 2025, and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the Fund in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 5, 2025:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 17, 2025, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
5. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
6. We have a process to track the status of audit findings and recommendations.

7. We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
8. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of the applicable financial reporting framework.
9. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
10. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
11. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
12. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
13. All funds and activities are properly classified.
14. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
15. All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
16. Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
17. All interfund and intra-entity transactions and balances have been properly classified and reported.
18. Special items and extraordinary items have been properly classified and reported.
19. Deposit and investment risks have been properly and fully disclosed.
20. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
21. All required supplementary information is measured and presented within the prescribed guidelines.
22. With regard to investments and other instruments reported at fair value:

- a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
23. With respect to providing assistance in preparation of the financial statements and related notes of the Fund, we have performed the following:
- a. Made all management decisions and performed all management functions;
 - b. Assigned a competent individual to oversee the services;
 - c. Evaluated the adequacy of the services performed;
 - d. Evaluated and accepted responsibility for the result of the service performed; and
 - e. Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

24. We have provided you with:
- a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within C/CAG from whom you determined it necessary to obtain audit evidence.
25. All transactions have been recorded in the accounting records and are reflected in the financial statements.
26. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
27. We have provided to you our analysis of the Fund's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
28. We have no knowledge of any fraud or suspected fraud that affects the Fund and involves:
- a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.

29. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Fund's financial statements communicated by employees, former employees, vendors, regulators, or others.
30. We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
31. We have disclosed to you the identity of C/CAG's related parties and all the related party relationships and transactions of which we are aware.
32. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
33. C/CAG has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
34. We have disclosed to you all guarantees, whether written or oral, under which C/CAG is contingently liable.
35. We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that C/CAG will make a payment on any guarantee.
36. For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
37. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
38. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
39. There are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.

- c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
 - d. Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
40. C/CAG has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
 41. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
 42. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records reflected in the financial statements.
 43. There have been no cybersecurity breaches or other cyber events whose effects should be considered for disclosure in the financial statements, as a basis for a loss contingency, or otherwise considered when preparing the financial statements.
 44. The significant judgements made in making the accounting estimates have taken into account all relevant information of which we are aware.
 45. We have consistently and appropriately selected and applied methods, assumptions, and data when making the accounting estimates.
 46. The assumptions we used in making and disclosing accounting estimates appropriately reflect our intent and ability to carry out specific courses of action on behalf of the City when relevant to the accounting estimates and disclosures.
 47. The disclosures related to accounting estimates, including those disclosures describing estimation uncertainty, are complete and are reasonable in the context of the applicable financial reporting framework.
 48. We have obtained and applied appropriate specialized skills and expertise in making the accounting estimates.
 49. We are not aware of any events subsequent to the date of the financial statements that require adjustment to our accounting estimates and related disclosures included in the financial statements.
 50. Provisions for uncollectible receivables have been properly identified and recorded.
 51. The methods and significant inputs and assumptions used to determine fair values of financial instruments are determined by C/CAG's investment custodians. The methods and significant assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes and are in accordance with the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*.
 52. With respect to the Budget and Actual statements (RSI) accompanying the financial statements:
 - a. We acknowledge our responsibility for the presentation of the RSI in accordance with U.S. GAAP.

- b. We believe the RSI, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. There were no significant assumptions or interpretations underlying the measurement or presentation of the RSI.

DocuSigned by:

Sean Charpentier

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Sean Charpentier

Executive Director

Signed by:

Rebecca Mendenhall

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Rebecca Mendenhall

Administrative Services Director

**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, 2025

**City/County Association of Governments
of San Mateo County
Measure M Fund
For the year ended June 30, 2025**

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INDEPENDENT AUDITOR'S REPORT

To the 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) as of and for the year ended June 30, 2025, 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, 2025, 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, 2025, 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.

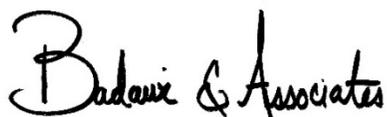
Required Supplementary Information

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 5, 2025 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
Emeryville, California
November 5, 2025

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**City/Council Association of Governments
of San Mateo County**
Measure M Fund
Balance Sheet
June 30, 2025

	Measure M Fund
	<u> </u>
ASSETS:	
Cash	\$ 10,137,085
Accounts receivable	<u>1,773,093</u>
Total assets	<u><u>\$ 11,910,178</u></u>
 LIABILITIES	
Accounts payable	\$ 1,746,620
Accrued liabilities	<u>595,727</u>
Total liabilities	<u>2,342,347</u>
 FUND BALANCE:	
Restricted for Measure M	<u>9,567,831</u>
Total fund balance	<u>9,567,831</u>
Total liabilities and fund balance	<u><u>\$ 11,910,178</u></u>

See accompanying Notes to Financial Statements.

**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, 2025**

	Measure M Fund
REVENUES:	
From other agencies	\$ 6,958,939
Cost reimbursement	680,307
Investment income	638,068
Total revenues	<u>8,277,314</u>
EXPENDITURES:	
Distributions	4,382,986
Professional services	2,105,344
Conferences and meetings	688
Administrative services	57,174
Total expenditures	<u>6,546,192</u>
REVENUES OVER (UNDER) EXPENDITURES	1,731,122
OTHER FINANCING SOURCES (USES):	
Transfers out	<u>(2,844,169)</u>
Total other financing sources (uses)	<u>(2,844,169)</u>
Net change in fund balance	(1,113,047)
FUND BALANCES:	
Beginning of year	<u>10,680,878</u>
End of year	<u>\$ 9,567,831</u>

See accompanying Notes to Financial Statements.

**City/County Association of
Governments of San Mateo County**
Measure M Fund
Notes to Basic Financial Statements
For the year ended June 30, 2025

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, 2025**

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 uncollectible amounts.

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, 2025**

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, 2025**

2. CASH AND INVESTMENTS

At June 30, 2025, the Fund's cash and investment totaled \$10,137,085.

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

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
From other agencies	\$ 7,406,268	\$ 6,700,000	\$ 6,958,939	\$ 258,939
Cost reimbursement	-	706,268	680,307	(25,961)
Investment income	347,862	347,862	638,068	290,206
Total revenues	<u>7,754,130</u>	<u>7,754,130</u>	<u>8,277,314</u>	<u>\$ 523,184</u>
EXPENDITURES:				
Distributions	6,459,817	6,459,817	4,382,986	2,076,831
Professional services	2,207,627	2,207,627	2,105,344	102,283
Conferences and meetings	2,500	2,500	688	1,812
Administrative services	50,838	50,838	57,174	(6,336)
Dues & memberships	500	500	-	500
Total expenditures	<u>8,721,282</u>	<u>8,721,282</u>	<u>6,546,192</u>	<u>2,175,090</u>
REVENUES OVER (UNDER) EXPENDITURES	(967,152)	(967,152)	1,731,122	2,698,274
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,494,169)	(2,844,169)	(2,844,169)	-
Total other financing sources (uses)	<u>(2,494,169)</u>	<u>(2,844,169)</u>	<u>(2,844,169)</u>	<u>-</u>
Net change in fund balance	<u>\$ (3,461,321)</u>	<u>\$ (3,811,321)</u>	<u>(1,113,047)</u>	<u>\$ 2,698,274</u>
FUND BALANCES:				
Beginning of year			10,680,878	
End of year			<u>\$ 9,567,831</u>	

**City/County Association of
Governments of San Mateo County
Measure M Fund
Required Supplementary Information
For the year ended June 30, 2025**

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.

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

To the 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, 2025.

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, 2025.

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

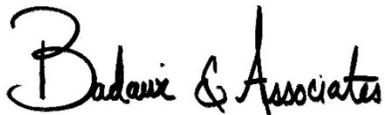
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

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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
Emeryville, California
November 5, 2025