

TRI-VALLEY TRANSPORTATION COUNCIL

TVTC FINANCE SUBCOMMITTEE MEETING

Wednesday, March 1, 2023, 4:00 P.M

Jean Josey
TVTC Chair
Councilmember
Dublin
(925) 833-2530

Newell Arnerich
TVTC Vice Chair
Councilmember
Town of Danville
(510) 366-0716

Scott Perkins
Councilmember
San Ramon
(925) 973-2544

If you have any questions related to the Tri-Valley Transportation Council meeting agenda. Please contact Sai Midididdi. TVTC Administrative staff at (925)833-6630 or email at sai.midididdi@dublin.ca.gov

In-Person Meeting Location:

City of Dublin
CMO Conference Room, 2nd Floor,
100 Civic Plaza
Dublin, CA 94568

Remote Meeting Link:

Join Zoom Meeting
<https://dublinca.zoom.us/j/82577494488>

Meeting ID: 825 7749 4488
One tap mobile +16694449171, 82577494488# US
+16699009128, 82577494488# US (San Jose)

Members of the public who wish to participate in the meeting electronically have the option of giving public comments via Zoom during the Public Comment period (for topics not on the agenda), in addition to each of the items on the agenda.

If you are submitting a public comment via email, please do so **by 12:00 p.m. on Monday, February 13, 2023**, to sai.midididdi@dublin.ca.gov. Please include **“Public Comment “03/01/23”** in the subject line. In the body of the email, please include your name and the item you wish to

speak on. Public comments submitted will be read during Public Comment and will be subject to the regular three-minute time restriction.

This AGENDA is posted in accordance with Government Code Section 54954.2(a). If requested, pursuant to Government Code Section 54953.2, this agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12132) (ADA), and the federal rules and regulations adopted in implementation thereof. To make a request for disability-related modification or accommodation, please contact the Administrator at (925) 833-6650 or by email at sai.midididdi@dublin.ca.gov at least 24 hours in advance of the meeting. Upon receiving a request, the TVTC will swiftly resolve requests for reasonable accommodation for individuals with disabilities, consistent with the federal ADA, and resolve any doubt in favor of accessibility.

Agenda materials that become available within 72 hours in advance of the meeting, and after publishing of the agenda, will be available at Civic Center, 100 Civic Plaza, and will be posted on the TVTC's website at <https://www.tvtc-jpa.com/Meetings/Upcoming-Meetings.aspx>

Once connected to the Zoom platform using the Zoom link information provided, the public speaker will be added to the Zoom webinar as an attendee and muted. The speaker will be able to observe the meeting from the Zoom platform. The speaker will be unmuted to give public testimony via Zoom.

TRI-VALLEY TRANSPORTATION COUNCIL

AGENDA

1. **Call to Order**
2. **Roll Call and Self Introductions**
3. **Public Comment**
4. **Consent Calendar**
Approve February 13, 2023, Finance Subcommittee meeting minutes.
5. **Old Business**
6. **New Business**
 - a. REVIEW and RECOMMEND the TVTC Board to approve the FY 2021/2022 Audit (Draft Review)
7. **Administrative Business**
8. **Informational Items**
 - a. Per the sub-committee's recommendation, \$1,285,000 were transferred to LAIF on February 21, 2023
 - b. TVTC Finance Subcommittee Meeting: Wednesday, March 1, 2023 – 4:00 p.m.
 - c. TVTC Regularly Scheduled Board Meeting: Monday, April 17, 2023 – 4:00 p.m.
9. **Adjournment**

Item 4

TRI-VALLEY TRANSPORTATION COUNCIL

Item 4.a - DRAFT - MEETING MINUTES

TRI-VALLEY TRANSPORTATION COUNCIL FINANCE SUBCOMMITTEE MEETING

Zoom Teleconference Call

Monday, February 13, 2023

1. CALL TO ORDER, ROLL CALL, AND SELF-INTRODUCTIONS

The Tri-Valley Transportation Council (TVTC) was called to order at 4:15 p.m. by Chair, Jean Josey, City of Dublin.

TVTC Members in Attendance:

Jean Josey, Chair, Vice Mayor, Dublin
Newell Arnerich, Vice-chair, Mayor, Town of Danville
Scott Perkins, Chair, Councilmember, San Ramon

TVTC Staff in Attendance:

Sai Midididdi, Dublin
Chris Weeks, San Ramon
Andy Dillard, Danville

Others in Attendance

2. PUBLIC COMMENT

None

3. CONSENT CALENDAR

1. Review and Recommend the TVTC Board to Adopt the Construction Cost Index annual adjustment to Tri-Valley Transportation Development Fee

Motion to Approve Consent Calendar Items by Councilmember Perkins; Second by Councilmember Arnerich

Approved (Ayes 3; Noes 0; Abstain 0)

4. OLD BUSINESS

None

5. NEW BUSINESS

Review and Accept AB1600 Report and forward it for full TVTC Board review

TRI-VALLEY TRANSPORTATION COUNCIL

Motion to Approve Consent Calendar Items by Councilmember Perkins; Second by Councilmember Arnerich

Approved (Ayes 3; Noes 0; Abstain 0)

6. ADMINISTRATIVE BUSINESS

- a. REVIEW and ACCEPT End of Year Fiscal Analysis - Attachment A, B and C
- b. REVIEW Bank and LAIF Account Statements
- c. REVIEW FY 2022/2023 Remaining Budget and consider APPROVING Mid-Year Additional Budget Request
- d. REVIEW FY 2021/2022 Budget/Actual & Balance

Motion to Approve Consent Calendar Items by Councilmember Arnerich; Second by Councilmember Perkins

Approved (Ayes 3; Noes 0; Abstain 0)

Meeting notes: Subcommittee asked TVTC administrator to only keep a balance of \$250,000 and transfer the rest to LAIF.

7. INFORMATIONAL ITEMS

- a. TVTC Finance Subcommittee Meeting: Wednesday, March 1, 2023 – 4:00 p.m.
- b. TVTC Regularly Schedule Board Meeting: Monday, April 17, 2023 – 4:00 p.m.

8. ADJOURNMENT

The meeting was adjourned by Chair Josey at 4:29 p.m.

Item 6

TRI-VALLEY TRANSPORTATION COUNCIL
(A JOINT POWERS AUTHORITY)
ANNUAL FINANCIAL REPORT
AS OF JUNE 30, 2022 and 2021
WITH
INDEPENDENT AUDITORS' REPORTS THEREON

Final draft_2023-02-24

TRI-VALLEY TRANSPORTATION COUNCIL
(A JOINT POWERS AUTHORITY)
ANNUAL FINANCIAL REPORT
JUNE 30, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

Board Members
Tri-Valley Transportation Council
Dublin, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the Tri-Valley Transportation Council (the Council), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of Council, as of June 30, 2022 and 2021, 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 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Council 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

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 Council's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council'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 Council'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 Management's Discussion and Analysis on pages 3-4 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.

TRI-VALLEY TRANSPORTATION COUNCIL
(A JOINT POWERS AUTHORITY)
Management’s Discussion and Analysis
June 30, 2022

THE PURPOSE OF THE TRI-VALLEY TRANSPORTATION COUNCIL:

In 1991, the seven jurisdictions of Alameda County, Contra Costa County, Dublin, Pleasanton, Livermore, Danville, and San Ramon signed a Joint Powers Agreement (JPA) that established the Tri-Valley Transportation Council (the “Council”). The purpose of the JPA was the joint preparation of a Tri-Valley Transportation Plan/Action Plan (Tri-Transportation Plan/Action Plan) for Routes of Regional Significance (RRS) and cost sharing of recommended improvements.

The Council adopted the Tri-Transportation Plan/Action Plan in 1995. The Tri-Transportation Plan/Action Plan was later updated in 2000, 2009, and 2014. The most recent update occurred in January 2023, prior to the issuance of these financial statements. TVTC approved the draft action plan on January 23, 2023 and recommended that the Contra Costa Transportation Authority incorporate the Action Plan into the 2023 Countywide Transportation Plan. The Plan is a mutual understanding and agreement on Tri-Valley transportation concerns and recommendations for improvements. The Plan also identifies specific regional transportation improvements for funding and implementation.

In 1998, through a Joint Exercise Powers Agreement (JEPA), the seven member agencies that comprise the Council approved the Tri-Valley Transportation Development Fee (TVTDF) program. The TVTDF is intended to allocate fair share costs for the regional improvement projects identified in the Tri-Transportation Plan/Action Plan.

In 1999, the Council adopted a Strategic Expenditure Plan (SEP) which identified priorities, project sponsors, and funding plan for 11 regional transportation projects (List A). The Council then expanded this list to add 11 new projects (List B).

In 2008, the Council adopted a TVTC Fee Nexus Study (Nexus Study). The Council completed a Validation Review of the Nexus Study in 2017. The Nexus Study summarizes the status of the 22 projects, estimates revenues from the TVTDF over a 10-year horizon, and provides a funding plan for the remaining projects. In 2021, with half of the projects on the list A and B no longer being eligible for funding as a result of projects being completed or changes to the program, TVTC reviewed and selected additional projects to be considered for funding from the TVTDF. This selection process resulted in a new list of projects to mitigate the impacts of new development based on feasibility and stakeholder support. From this process, 16 projects (“List C”) were identified to be consider for receive funding from the TVTDF.

The 2021 TVTC Nexus Fee Update Study evaluated the remaining projects from List A and List B, as well as the addition of 16 projects from List C. The analysis found that these projects would reduce the congestion created by new development. The Nexus Study update also determined the new maximum fee needed to fund the improvement projects. The study was adopted on August 16, 2021.

In 2022, the Council adopted a 2022 Strategic Expenditure Plan update which estimated revenues from the TVTDF over a 10-year horizon and provides a funding plan for the priority projects identified from List A, B and C.

TRI-VALLEY TRANSPORTATION COUNCIL
(A JOINT POWERS AUTHORITY)
Management’s Discussion and Analysis
June 30, 2022

THE BASIC FINANCIAL STATEMENTS

The Basic Financial Statements comprise the *Statement of Net Position* and *Statement of Activities* for the Combined Government-wide and Fund Financial Statements. These statements present the Council’s financial activities as a whole. The *Statement of Net Position* and *Statement of Activities* include all assets and liabilities using the full accrual basis of accounting similar to the accounting model used by private sector firms.

Statement of Net Position

The *Statement of Net Position* (Basic Financial Statements, page 5) is a snapshot of the Council’s financial position at the end of the Fiscal Year (FY) 2022. The Council’s assets are all current assets, i.e. cash and receivables. The Council has no capital assets. For the year ended June 30, 2022, net position totaled \$23,155,359.

Table 1. Statement of Net Position as of June 30:

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Cash and equivalents	\$ 22,222,134	\$ 25,562,366	\$ (3,340,232)	-13.1%
Interest receivable	36,676	20,029	16,647	83.1%
Prepaid expenses	692	584	108	18.5%
Developer fee receivables	904,803	845,282	59,521	7.0%
	<u>\$ 23,164,305</u>	<u>\$ 26,428,261</u>	<u>\$ (3,263,956)</u>	<u>-12.4%</u>
Liabilities and Net Position				
Liabilities	\$ 8,946	\$ 6,919,937	\$ (6,910,991)	-99.9%
Unrestricted Net Position	23,155,359	19,508,324	(3,647,035)	-18.7%
	<u>\$ 23,164,305</u>	<u>\$ 26,428,261</u>	<u>\$ (3,263,956)</u>	<u>-12.4%</u>

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TRI-VALLEY TRANSPORTATION COUNCIL
(A JOINT POWERS AUTHORITY)
Management's Discussion and Analysis
June 30, 2022

Statement of Activities

The Statement of Activities (Basic Financial Statements, page 7) presents the Council's revenue and incurred expenses for the year ended June 30, 2022. All financial activities incurred for the Council are recorded here, including operational expenses, capital project costs, depreciation and accrued liabilities, when applicable. Since revenues are dependent on new construction, the Council's financial position is generally subject to the same fluctuations as the economy.

Table 2. Statement of Activities for the Fiscal Years Ended June 30:

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
General Expenses				
Transportation improvements	\$ -	\$ 6,490,000	\$(6,490,000)	-100.0%
Accounting fees	7,665	14,710	(7,045)	-47.9%
Legal fees	41,787	12,229	29,558	241.7%
Nexus study	126,155	144,957	(18,802)	13.0%
Administrative	32,182	28,203	3,979	14.1%
Refund of fees	3,788	410,018	(406,230)	-99.1%
Total General Expenses	<u>211,577</u>	<u>7,100,117</u>	<u>(6,888,540)</u>	<u>-97.0%</u>
General Revenues				
Interest income	73,988	129,530	(55,542)	-42.9%
Development fees				
Alameda County	12,123	11,563	560	4.8%
Town of Danville	12,137	130,615	(118,478)	-90.7%
City of Dublin	2,359,601	1,153,649	1,205,952	104.5%
City of Livermore	202,641	595,755	(393,114)	-66.0%
City of Pleasanton	868,575	154,698	713,877	461.5%
City of San Ramon	305,408	174,231	131,177	75.3%
Contra Costa County	24,139	646,933	(622,794)	-96.3%
Total General Revenues	<u>3,858,612</u>	<u>2,996,974</u>	<u>861,638</u>	<u>28.8%</u>
Change in Net Position	<u>3,647,035</u>	<u>(4,103,143)</u>	<u>7,750,178</u>	<u>-188.9%</u>
Beginning Net Position, as previously stated	19,508,324	23,572,147	(4,063,823)	-17.2%
Prior period adjustment	-	39,320	(39,320)	-100.0%
Beginning Net Position, as restated	<u>19,508,324</u>	<u>23,611,467</u>	<u>(4,103,143)</u>	<u>-17.4%</u>
Ending Net Position	<u>\$23,155,359</u>	<u>\$19,508,324</u>	<u>\$ 3,647,035</u>	<u>18.7%</u>

CONTACTING THE COUNCIL'S FINANCIAL MANAGEMENT

This Management's Discussion and Analysis is intended to provide the reader with a narrative overview of the Council's financial statements for the year ended June 30, 2022. Questions concerning any information provided in this report or requests for additional financial information should be directed to:

Tri-Valley Transportation Council
Sai Midididdi, TVTC Administrator
City of Dublin
100 Civic Plaza
Dublin, CA 94568

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TRI-VALLEY TRANSPORTATION COUNCIL
(A JOINT POWERS AUTHORITY)
 Combined Government-Wide and Fund Financial Statements
 Statement of Net Position and Governmental Funds Balance Sheet
 June 30, 2022

	ASSETS			Statement of Net Position
	General Fund	Adjustments (Note 2)		
Cash and cash equivalents (Note 3)	\$ 22,222,134	\$ -		\$ 22,222,134
Interest receivable	36,595	81		36,676
Prepaid expenses	692	-		692
Development fees receivable (Note 1E)	235,612	669,191		904,803
 Total Assets	 \$ 22,495,033	 \$ 669,272		 \$ 23,164,305
<u>LIABILITIES AND NET POSITION</u>				
Accounts payable	\$ 8,946	\$ -		\$ 8,946
 Total Liabilities	 8,946	 -		 8,946
Fund Balance/Net Position (Note 4)				
Committed Fund Balance	-	-		-
Assigned/Unrestricted	22,486,087	669,272		23,155,359
Total Fund Balance/Net Position	22,486,087	669,272		23,155,359
Total Liabilities and Fund Balance/Net Position	\$ 22,495,033	\$ 669,272		\$ 23,164,305

The accompanying notes are an integral part of these financial statements.

TRI-VALLEY TRANSPORTATION COUNCIL
(A JOINT POWERS AUTHORITY)
 Combined Government-Wide and Fund Financial Statements
 Statement of Net Position and Governmental Funds Balance Sheet
 June 30, 2021

	ASSETS			Statement of Net Position
	General Fund	Adjustments (Note 2)		
Cash and cash equivalents (Note 3)	\$ 25,562,366	\$ -		\$ 25,562,366
Interest receivable	20,027	2		20,029
Prepaid expenses	584	-		584
Development fees receivable (Note 1E)	773,404	71,878		845,282
 Total Assets	 \$ 26,356,381	 \$ 71,880		 \$ 26,428,261
<u>LIABILITIES AND NET POSITION</u>				
Accounts payable	\$ 6,919,937	\$ -		\$ 6,919,937
 Total Liabilities	 6,919,937	 -		 6,919,937
Fund Balance/Net Position (Note 4)				
Committed Fund Balance	-	-		-
Assigned/Unrestricted	19,436,444	71,880		23,611,467
Total Fund Balance/Net Position	19,436,444	71,880		23,611,467
Total Liabilities and Fund Balance/Net Position	\$ 26,356,381	\$ 71,880		\$ 30,531,404

The accompanying notes are an integral part of these financial statements.

TRI-VALLEY TRANSPORTATION COUNCIL
(A JOINT POWERS AUTHORITY)
 Combined Government-Wide and Fund Financial Statements
 Statement of Activities and
 Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2022

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Activities</u>
General Expenditures/Expenses			
Accounting fees	\$ 7,665	\$ -	\$ 7,665
Legal fees	41,787	-	41,787
Nexus study	126,155	-	126,155
Administrative	32,182	-	32,182
Refund of development fees	<u>3,788</u>	<u>-</u>	<u>3,788</u>
Total General Expenditures/Expenses	<u>211,577</u>	<u>-</u>	<u>211,577</u>
General Revenues:			
Interest income from:			
LAIF	72,904	-	72,904
Member agencies	<u>1,084</u>	<u>-</u>	<u>1,084</u>
	<u>73,988</u>	<u>-</u>	<u>73,988</u>
Development fees:			
Alameda County	23,050	(10,927)	12,123
Town of Danville	56,595	(44,458)	12,137
City of Dublin	2,014,286	345,315	2,359,601
City of Livermore	202,641	-	202,641
City of Pleasanton	561,113	307,462	868,575
City of San Ramon	305,408	-	305,408
Contra Costa County	<u>24,139</u>	<u>-</u>	<u>24,139</u>
Total development fees	<u>3,187,232</u>	<u>597,392</u>	<u>3,784,624</u>
Total General Revenues	<u>3,261,220</u>	<u>597,392</u>	<u>3,858,612</u>
Change in fund balance/net position	<u>3,049,643</u>	<u>597,392</u>	<u>3,647,035</u>
Fund Balance/Net Position July 1, 2021	<u>19,436,444</u>	<u>71,880</u>	<u>19,508,324</u>
Fund Balance/Net Position June 30, 2022	<u>\$ 22,486,087</u>	<u>\$ 669,272</u>	<u>\$ 23,155,359</u>

The accompanying notes are an integral part of these financial statements.

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TRI-VALLEY TRANSPORTATION COUNCIL
(A JOINT POWERS AUTHORITY)
 Combined Government-Wide and Fund Financial Statements
 Statement of Activities and
 Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2021

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Activities</u>
General Expenditures/Expenses			
Transportation improvements (Note 5)	\$ 6,490,000	\$ -	\$ 6,490,000
Accounting fees	14,710	-	14,710
Legal fees	12,229	-	12,229
Nexus study	144,957	-	144,957
Administrative	28,203	-	28,203
Refunds of development fees	<u>410,018</u>	<u>-</u>	<u>410,018</u>
Total General Expenditures/Expenses	<u>7,100,117</u>	<u>-</u>	<u>7,100,117</u>
General Revenues:			
Interest income from:			
LAIF	128,859	-	128,859
Member agencies	<u>669</u>	<u>2</u>	<u>671</u>
	<u>129,528</u>	<u>2</u>	<u>129,530</u>
Development fees:			
Alameda County	-	11,563	11,563
Town of Danville	74,020	56,595	130,615
City of Dublin	1,153,649	-	1,153,649
City of Livermore	595,755	-	595,755
City of Pleasanton	154,698	-	154,698
City of San Ramon	181,316	(7,085)	174,231
Contra Costa County	<u>646,933</u>	<u>-</u>	<u>646,933</u>
Total development fees	<u>2,806,371</u>	<u>61,073</u>	<u>2,867,444</u>
Total General Revenues	<u>2,935,899</u>	<u>61,075</u>	<u>2,996,974</u>
Change in fund balance/net position	<u>(4,164,218)</u>	<u>61,075</u>	<u>(4,103,143)</u>
Fund Balance/Net Position July 1, 2020, as previously stated	23,568,427	3,720	23,572,147
Prior period adjustment	<u>32,235</u>	<u>7,085</u>	<u>39,320</u>
Fund Balance/Net Position July 1, 2020, as restated	<u>23,600,662</u>	<u>10,805</u>	<u>23,611,467</u>
Fund Balance/Net Position June 30, 2021	<u>\$ 19,436,444</u>	<u>\$ 71,880</u>	<u>\$ 19,508,324</u>

The accompanying notes are an integral part of these financial statements.

TRI-VALLEY TRANSPORTATION COUNCIL
(A JOINT POWERS AUTHORITY)
Notes to the Financial Statements
June 30, 2022 and 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Tri-Valley Transportation Council (the “Council”) is a joint powers authority (JPA) organized by the Counties of Alameda and Contra Costa, the Town of Danville, and the Cities of Dublin, Livermore, Pleasanton, and San Ramon. The Council’s administrative responsibilities rotate between jurisdictions every two years. The City of San Ramon was the administrator for fiscal years 2020/21 and 2021/22. The City of Dublin is the administrator for the fiscal years 2022/23 through 2023/24. The Council was created to administer development fees for the planning and implementation of sub-regional transportation facilities. This fee was adopted by the seven jurisdictions pursuant to Government Code 6502, and is paid to each of the member agencies by project developers. There are no separate legal entities that are a part of the Council’s reporting entity.

The Council applies all applicable Governmental Accounting Standards Board (GASB) pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued GASBS No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This statement incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. This includes pronouncements by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions (APB), and the Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure, unless those pronouncements conflict with or contradict with GASB pronouncements.

B. Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. The Council has one governmental activity as described below:

Governmental Funds

General Fund – The General Fund is the general operating fund of the Council and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

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TRI-VALLEY TRANSPORTATION COUNCIL
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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund balance, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Council or meets the following criteria:

1. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that *category or type*; and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the *economic resources* measurement focus. The accounting objective of this measurement focus is the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and all liabilities (whether current or noncurrent) associated with the operation of these funds are reported.

In the fund financial statements, the *current financial resources* measurement focus is used for all Governmental Funds; with this measurement focus, only current assets and current liabilities generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

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TRI-VALLEY TRANSPORTATION COUNCIL
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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when *measurable and available*. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Council defines available to be within 60 days of year-end.

D. Cash and Investments

The Council does not commingle its cash and investments with the JPA members. The funds are invested in accordance with the State Investment Policy established pursuant to the State Law. All monies not required for immediate expenditure are invested or deposited to earn maximum yield consistent with safety and liquidity.

Investments are carried at fair value, which is based on quoted market price if applicable. Otherwise, the fair value hierarchy is as follows:

Level 1 – Values are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs, other than quoted prices, included within Level 1 that are observable for the asset or liabilities at the measurement date.

Level 3 – Certain inputs are unobservable inputs (supported by little or no market activity, such as the Council’s best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date).

The Council invests in the California Local Agency Investment Fund (LAIF), which is part of the Pooled Money Investment Account operated by the California State Treasurer. LAIF funds are invested in high quality money market securities and are managed to insure the safety of the portfolio. A portion of LAIF’s investments are in structured notes and asset-backed securities.

LAIF determines fair value on its investment portfolio based on market quotations for these securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available.

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Receivables

Receivables recorded in the financial statements are net of any allowance for doubtful accounts. Any doubtful accounts at June 30, 2022 and 2021 were not considered material.

F. Revenue Recognition - Development Fees

Development fees are assessed according to a set fee schedule for new construction. The fees collected under the Council from new construction will be used to mitigate the increased traffic congestion.

G. Budget Comparison

Under GASB No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The Council is not legally required to adopt a budget for the general fund. Therefore, budget comparison information is not included in the Council's financial statements.

H. Equity Classifications

Government-wide Statements

Net position is the excess of all the Council's assets over all its liabilities, regardless of fund. Net position is divided into three categories under GASB Statement 34. These categories apply only to net position, which is determined at the Government-wide level, and are described below:

1. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position - Consists of net position with constraints place on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position - All other components of net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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June 30, 2022 and 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Council is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

1. Nonspendable - Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. Restricted - Amounts that are restricted for specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, laws, or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
4. Assigned - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed.
5. Unassigned - Amounts that do not meet classifications 1 – 4 above.

Further detail about the Council's fund balance classification is described in Note 4.

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NOTE 2. ADJUSTMENTS FROM FUND BASIS TO GOVERNMENT-WIDE BASIS

The following is a summary of adjustments to the financial statements to comply with GASB 34.

	<u>2022</u>	<u>2021</u>
Development fees receivable		
Fund basis	\$ 235,612	\$ 773,404
Adjustment	669,191	71,878
Government-wide basis	<u>\$ 904,803</u>	<u>\$ 845,282</u>
Interest receivable		
Fund basis	\$ 36,595	\$ 20,027
Adjustment	81	2
Government-wide basis	<u>\$ 36,676</u>	<u>\$ 20,029</u>
Development fee revenue		
Fund basis	\$ 3,187,232	\$ 2,806,371
Adjustment	597,392	61,073
Government-wide basis	<u>\$ 3,784,624</u>	<u>\$ 2,867,444</u>
Interest income		
Fund basis	\$ 73,988	\$ 129,528
Adjustment	-	2
Government-wide basis	<u>\$ 73,988</u>	<u>\$ 129,530</u>

NOTE 3. CASH AND INVESTMENTS

The cash and investments of the Council are maintained separately from with the funds of the JPA members. The Council considers cash and investment amounts with original maturities of three months or less to be cash equivalents.

Cash and Investments consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Cash in banks	\$ 1,137,583	\$ 1,034,151
Local Agency Investment Fund	21,084,551	24,528,215
Total cash and investments	<u>\$ 22,222,134</u>	<u>\$ 25,562,366</u>

Investments Authorized by the Council's Investment Policy

The Council is authorized to invest in obligations of the U.S. Treasury, agencies, commercial paper with certain minimum ratings, certificates of deposit, bankers' acceptances, repurchase agreements and the State Treasurer's Investment pool ("LAIF").

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NOTE 3. CASH AND INVESTMENTS (continued)

Deposits/Credit Risk

The California Government Code requires California banks and savings and loan associations to secure Public Agencies' deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of deposits. California law also allows financial institutions to secure such deposits by pledging first trust deed mortgage notes having a value of 150% of the total deposits. The first \$250,000 of each institution's deposits are covered by FDIC insurance. The Council's cash is held at one financial institution.

Disclosures Relating to 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.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government 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. The California Government Code and the Council's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

Custodial Credit Risk (continued)

Custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover its deposits or will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Council's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

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NOTE 3. CASH AND INVESTMENTS (continued)

Investment Fair Value

The Council is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Council's investment in this pool is reported in the accompanying financial statements at amounts based upon the Council's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE 4: FUND BALANCE

The Council has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

The Tri-Valley Transportation Council have established the following fund balance policies:

- **Assigned Fund Balance:** The Council exists to fund Tri-Valley transportation projects, therefore, all amounts not committed in the fund balance at year-end are assigned for this purpose.
- **Committed Fund Balance:** Amounts that have been designated for payment by the Council prior to year-end.

The accounting policies of the Council consider restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the Council considers committed amounts to be reduced first, followed by assigned amounts, and finally, unassigned amounts.

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NOTE 5: TRANSPORTATION IMPROVEMENT PROJECTS

During the fiscal years ended June 30, 2022 and 2021, \$0 and \$6,490,000 were expensed relating to transportation improvement projects.

Monies are disbursed only after it is determined that sufficient funds are available in the joint Tri-Valley Transportation Development Fund bank account.

NOTE 6: SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the audit opinion, which is the date on which the financial statements were available to be issued. No events that would require additional adjustment or disclosure came to the attention of management.

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**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**

The Board Members
Tri-Valley Transportation Council
San Ramon, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Tri-Valley Transportation Council (the “Council”) as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Council’s basic financial statements, and have issued our report thereon dated February 9, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Council’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 over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did identify the following deficiencies in internal control that we consider to be material weaknesses:

- Preparing financial statements in accordance with generally accepted accounting principles (GAAP) for governmental entities requires the preparer to possess adequate knowledge of the accounting principles affecting the organization. Such knowledge includes an understanding of the requirements related to relevant note disclosures, an awareness of accounting changes taking place in the industry in which the organization operates, and the ability to research unusual accounting transactions or situations encountered.

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In larger organizations, accounting personnel who lack this knowledge obtain it through advanced accounting courses or continuing education. However, many smaller organizations, such as the Council, do not employ accounting personnel with the education and experience to prepare full disclosure financial statements in accordance with GAAP. The Council uses a third-party accounting firm to maintain the general ledger. This Company uses QuickBooks as its accounting software. QuickBooks is a good software for entities with a single business-type fund but is not ideal for governmental fund accounting. Additionally, QuickBooks does not have a module to convert those governmental funds, which are presented on a modified accrual basis of accounting, to the full accrual basis presentation. Therefore, our firm assists your personnel in the preparation of the District's financial statements, including the conversion. Because the District is unable to prepare such statements without our assistance, there is a material weakness in the District's internal control over financial reporting.

The Council may consider centralizing the bookkeeping with one of the member agencies, which is a process other local joint powers authorities have opted to do. Should none of the member agencies have sufficient staffing to perform this duty, the Council should hire accounting professionals with a knowledge of governmental accounting principles to maintain the general ledger and prepare the financial statements on both the modified accrual and full accrual bases of accounting.

We did not identify any deficiencies in internal control that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council'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 determination of financial statement amounts. 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*.

Tri-Valley Transportation Council's Response to Findings

Management's response to the findings identified in our audit was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

CROPPER ROWE, LLP
Walnut Creek, California
February 2, 2023