

# **Attachment 4**

# **TIBURON PENINSULA TRAFFIC RELIEF**

*a Joint Powers Authority*

*California*

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**Annual Financial Report**

**Year Ended  
June 30, 2022**

**TIBURON PENINSULA TRAFFIC RELIEF**  
*a Joint Powers Authority*

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# MARCELLO & COMPANY

## CERTIFIED PUBLIC ACCOUNTANTS

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8715 Seville Circle / Granite Bay, California 95746

### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Members of the Authority  
Tiburon Peninsula Traffic Relief Joint Powers Authority  
Tiburon, California

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Tiburon Peninsula Traffic Relief Joint Powers Authority (the Authority) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents. The prior year comparative information has been derived from the Authority's 2021 financial statements and, in our report dated February 7 2023, we expressed an unmodified opinion on the financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based upon our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Board of Directors  
Members of the Authority  
Tiburon Peninsula Traffic Relief Joint Powers Authority

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2022, and the respective changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not 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 historic context.

Management has omitted *management's discussion and analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### ***Marcello & Company***

Certified Public Accountants  
Granite Bay, California  
February 14, 2023

**TIBURON PENINSULA TRAFFIC RELIEF**  
**a Joint Powers Authority**  
**Statement of Net Position**  
**June 30, 2022 and 2021**

	2022	<i>for comparative purposes only</i> 2021
<b>ASSETS</b>		
Current Assets		
Cash	\$ 260,374	\$ 396,801
Accounts receivable	248,325	13,441
Total current assets	508,699	410,242
 <b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	11,313	5,766
Deferred revenue	167,895	207,718
Total current liabilities	179,208	213,484
 <b>NET POSITION</b>		
Unrestricted	329,491	196,758
Total net position	\$ 329,491	\$ 196,758

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

**TIBURON PENINSULA TRAFFIC RELIEF**  
**a Joint Powers Authority**  
**Statement of Revenue, Expenses, and Change in Net Position**  
**Years Ended June 30, 2022 and 2021**

	<b>2022</b>	<i>for comparative purposes only</i> <b>2021</b>
<b>REVENUE</b>		
Sale of School Bus Passes:		
Reed Union School District	\$ 240,067	\$ -
Cove School	1,575	-
total	241,642	-
Operating Grants:		
Town of Tiburon	169,789	-
City of Belvedere	42,446	-
Town of Corde Madera	25,000	-
County of Marin	65,000	-
Reed Union School District	19,500	-
Larkspur-Corte Madera School District	-	-
Measure AA funding	232,994	-
Grants and other contribution/funding sources	15,747	2,673
total	570,476	2,673
Less: collection costs	(12,336)	-
Total Revenue	799,782	2,673
<b>EXPENSES</b>		
Contract Bus service	572,875	73,890
Contract Marin Transit service	46,112	15,309
Driver Incentive Program	4,150	-
Program Consultants	40,170	3,680
General and administrative expenses	3,742	8,945
Total Operating Expenses	667,049	101,824
<b>CHANGE IN NET POSITION</b>	132,733	(99,151)
Net Position - beginning	196,758	295,909
Net Position - end of year	\$ 329,491	\$ 196,758

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

**TIBURON PENINSULA TRAFFIC RELIEF**  
**a Joint Powers Authority**  
**Statement of Cash Flows**  
**Years Ended June 30, 2022 and 2021**

<b>Cash Flows Provided By (Used For):</b>	<u>2022</u>	<i>for comparative purposes only</i> <u>2021</u>
<b>Operating Activities</b>		
Cash received from customers	\$ 186,488	\$ -
Cash received from operating grants and other sources	350,923	2,673
Cash payments for collection costs	(12,336)	-
Cash payments for operating expenses	(657,760)	(111,188)
Cash payments for general and administrative expenses	<u>(3,742)</u>	<u>(8,945)</u>
Net cash provided (used)	<u>(136,427)</u>	<u>(117,460)</u>
Increase (decrease) in cash	(136,427)	(117,460)
Cash and investments - beginning	396,801	514,261
Cash and investments - end of year	<u>\$ 260,374</u>	<u>\$ 396,801</u>
 <b>Operating Activities Analysis</b>		
Operating Income (Loss)	\$ 132,733	\$ (99,151)
Reconciliation Adjustments:		
(Increase) decrease in accounts receivable	(234,884)	-
Increase (decrease) in accounts payable	5,547	(226,027)
Increase (decrease) in deferred revenue	<u>(39,823)</u>	<u>207,718</u>
Net cash provided (used)	<u>\$ (136,427)</u>	<u>\$ (117,460)</u>

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

**TIBURON PENINSULA TRAFFIC RELIEF**  
**a Joint Powers Authority**  
**Notes to Financial Statements**  
**June 30, 2022**

**Note 1 - Defining the Financial Reporting Entity**

On May 3, 2016, a “Joint Powers Agreement” was entered into by and among the Town of Tiburon, the City of Belvedere, and the Reed Union School District (“Member Agencies”) pursuant to the Joint Exercise of Powers Law (Articles 1 through 4, commencing with Section 6500 of Chapter 5, Division 7, Title 1 of the California Government Codes, referred to as the “Act”) for the purpose of reducing school-related congestion within the Tiburon Peninsula terrain by including, but not limited to, operating and maintaining school bus service for the students attending the Reed Union School District. This agreement created a public entity to be known as the “Tiburon Peninsula Traffic Relief Joint Powers Authority” (Authority). It is the intent of Member Agencies that the Authority shall be a public agency separate from the Member Agencies.

The Authority is responsible for the administration and managing the operation of the school bus service. The Governing Board of the Authority consists of two representatives from each of the Member Agencies.

The Authority receives funding from the sale of school bus passes and from intergovernmental operating grants. The Authority contracts for both school buses and drivers, and owns no assets nor hires employees. The Authority contracts with the First Student Inc. organization to provide bus service. The Authority contracts with the Marin County Transit District to provide operational support. The Authority contracts with a consultant to provide program management.

**Note 2 - Summary of Significant Accounting Policies**

Basis of Accounting and Presentation

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The basic financial statements provide information about the Authority’s Enterprise Fund. The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Use of Estimates

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Investments

Deposits in financial institutions and the State Treasurer’s investment pool are reported as cash and investments since the Authority can spend cash at any time without prior notice or penalty. Investments are stated at fair value. The Authority does not have a written investment policy but follows the general investment guidelines of the Town of Tiburon’s investment policy.

**TIBURON PENINSULA TRAFFIC RELIEF**  
**a Joint Powers Authority**  
**Notes to Financial Statements**  
**June 30, 2022**

Deferred Revenue

The Authority receives advance revenue from the sale of school bus passes for the subsequent fiscal year. This revenue source is recognized when school bus service is provided that matches the time frame for the school bus passes.

**Note 3 - Stewardship**

Economic Dependency

The ability of the Authority to provide school transportation is contingent upon the ongoing support of Member and Local Agencies.

**Note 4 - Cash and Investments**

Cash and investments at June 30, 2022 are classified in the accompanying financial statements as follows:

Cash and investments are comprised of the following:

Deposit with financial institution	\$ 180,703
Investment with State Investment Pool (LAIF)	79,671
	<u>\$ 260,374</u>

Investment in State Investment Pool

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF, established in 1977, is regulated by California Government Code Section 16429 and under the day to day administration of the California State Treasurer. There is a five member Local Investment Advisory Board that is chaired by the State Treasurer. LAIF determines fair value of its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available. LAIF is part of the Pooled Money Investment Account (PMIA) and under the control of the State Treasurer's Office, which is audited by the Bureau of State Audits on an annual basis. As of June 30, 2022, PMIA had approximately \$234 billion in investments. Audited financial statements of PMIA may be obtained from the California State Treasurer.

The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority'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.

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. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

**TIBURON PENINSULA TRAFFIC RELIEF**  
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**Notes to Financial Statements**  
**June 30, 2022**

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the maturity date and yield of each investment:

		<u>Maturity / Yield</u>
State investment pool (LAIF)	\$ 79,671	due on demand, 0.86% yield

Concentration of Credit Risk

The Authority does not have an investment policy but follows the Town of Tiburon's investment policy which does not limit the amount of investments in US Securities and LAIF. Nearly 31% of the Authority's cash and investments at year end were invested in LAIF.

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 Town of Tiburon'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." California law also allows financial institutions to secure government deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The 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 the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Town of Tiburon'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 (such as LAIF).

