CITY/COUNTY ASSOCIATION OF GOVERNMENTS OF SAN MATEO COUNTY

STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP) PLANNING, PROGRAMMING & MONITORING PROGRAM (PPM) FINAL PROJECT EXPENDITURE AUDIT REPORT

FROM AUGUST 17, 2016
THROUGH SEPTEMBER 30, 2017

CITY/COUNTY ASSOCIATION
OF GOVERNMENTS OF SAN MATEO COUNTY

STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP)
PLANNING, PROGRAMMING & MONITORING (PPM)
FROM AUGUST 17, 2016 THROUGH SEPTEMBER 30, 2017

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MAZE & ASSOCIATES

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying Final Project Expenditure Report for Project Number PPM17-6419(024) (the Program) of the City/County Association of Governments of San Mateo County, California, (C/CAG), for the period of August 17, 2016 through September 30, 2017, and the related notes to the report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial report in accordance with the State Transportation Improvement Program (STIP) Planning, Programming, and Monitoring Program (PPM) Fund Transfer Agreement for State Funded Projects; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial report that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. 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 purpose 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 accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the Final Project Expenditure Report as of September 30, 2017, and the respective changes in financial position for the period of August 17, 2016 through September 30, 2017, then ended in conformity with accounting principles generally accepted in the United States of America.

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

T 925.930.0902
F 925.930.0135
E maze@mazeassociates.com
W **mazeassociates.com**

Emphasis of a Matter

As described in Note 2 to the Final Project Expenditure Report for Project Number PPM17-6419(024), the financial report is prepared in accordance with STIP Planning, Programming & Monitoring Program (PPM) which requires a financial report that presents only the Program and does not purport to, and does not, present fairly the financial position of the C/CAG as of June 30, 2018, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our report is intended solely for the information and use of the City/County Association of Governments of San Mateo County, California, and the State of California and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2018 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 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 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.

Maze & Associates

Pleasant Hill, California
October 19, 2018

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY

FINAL PROJECT EXPENDITURE REPORT
PROJECT NUMBER PPM 17-6419(024)
From August 17, 2016
Through September 30, 2017

State Funds Allocated:	$	462,000
Expenditures Incurred:		
Project Costs:		
Preliminary Engineering	$	462,000
Sources and Amounts of Additional Funds Used (Local Fund):		-
State Funds Allocated but Not Used		-

See Accompanying Notes to Financial Statements

CITY/COUNTY ASSOCIATION OF GOVERNMENTS OF SAN MATEO COUNTY

STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP) PLANNING, PROGRAMMING & MONITORING (PPM)
PPM17-6419(024) FINAL
AUDIT REPORT
NOTES TO FINAL PROJECT EXPENDITURE REPORT

Note 1: Project Description

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

Note 2: Basis of Presentation

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

MAZE & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance

We have audited the Final Project Expenditure Report for State Transportation Improvement Program (STIP) Planning, Programming, and Monitoring Program (PPM) Project PPM17-6419(024) (Final Project Expenditure Report) with the types of compliance requirements for the period of August 17, 2016 through September 30, 2017.

Management's Responsibility

Management is responsible for compliance with the requirements of State Transportation Improvement Program (STIP) Planning, Programming & Monitoring Program (PPM).

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Final Project Expenditure Report based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States; and the requirements of State Transportation Improvement Program (STIP) Planning, Programming & Monitoring Program (PPM). Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a material effect on Final Project Expenditure Report occurred. An audit includes examining, on a test basis, evidence about C/CAG's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Final Project Expenditure Report. However, our audit does not provide a legal determination of C/CAG's compliance with those requirements.

Opinion

In our opinion, the C/CAG complied, in all material respects, with the requirements referred to above that are applicable to the Final Project Expenditure for the period of August 17, 2016 through September 30, 2017.

Report on Internal Control Over Compliance

The management of C/CAG is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit, we considered the C/CAG's internal control over compliance with the types of requirements to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the C/CAG's internal control over compliance.

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

T 925.930.0902
F 925.930.0135
E maze@mazeassociates.com
W **mazeassociates.com**

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, specified by State Transportation Improvement Program (STIP) Planning, Programming, and Monitoring Program (PPM). Accordingly, this communication is not suitable for any other purpose.

Maze & Associates

Pleasant Hill, California
October 19, 2018