



DATE: November 13, 2017

TO: Transportation Authority of Marin Finance and Policy Executive Committee

FROM: Dianne Steinhauser, Executive Director
Li Zhang, Chief Financial Officer

SUBJECT: Review and Acceptance of FY2016-17 Measure A Compliance Audit Results (Action) - Agenda Item No.7b

RECOMMENDATION:

The TAM Finance and Policy Executive Committee reviews the FY2016-17 Measure A compliance audit results and refers it to the TAM Board for acceptance.

BACKGROUND:

TAM has a fiduciary responsibility to the voters of Marin County to ensure that the ½-Cent Measure A Transportation Sales Tax funds are spent appropriately and has carried out this responsibility diligently since the inception of Measure A in 2005. The Measure A Expenditure Plan provided TAM with the authority to audit all Measure A fund recipients for their use of the sales tax proceeds. An independent compliance audit is explicitly permitted under the terms and conditions of TAM's funding agreement/contract with all Measure A funding recipients. The COC played a critical role in the development of the Measure A Compliance Audit Policy and the final Policy was adopted by the TAM Board at its October 28, 2010 Board meeting. The implementation of the Policy started with the FY2011-12 and prior Measure A funding activities.

The TAM Board approved the five Measure A Transportation Sales Tax fund recipients that were selected for the seventh round of compliance audits in June 2017, as shown in the table below. This audit cycle covers Measure A revenue and expenditure activities occurred in or prior to FY2016-17.

Measure A Fund Recipients Selected for the 2017 Compliance Audit Cycle		
No.	Fund Recipient	Measure A Funding Strategy
Interest Revenue Funding Usage		
	None	
Strategy 1 Local Bus Transit System		
1	Marin Transit	Local Transit, for all Measure A funds received for its FY2016-17 transit operation and capital needs
Strategy 2 Highway 101 Gap Closure		
	None	
Strategy 3 Local Transportation Infrastructure		
2	County of Marin	Strategy 3.1, Major Roads, for Sir Francis Drake Boulevard Rehabilitation in Ross Valley
3	Town of San Anselmo	Strategy 3.2, Local Roads, for its usage of the Measure A Local Roads funds in or prior to FY2016-17
Strategy 4 School Related Congestion and Safer Access to Schools		
4	Town of Corte Madera	Strategy 4.3, Safe Pathways to School, major capital project, for Measure A funds received for Tamalpais Drive Pedestrian Crossing Enhancement Project
5	Town of Fairfax	Strategy 4.3, Safe Pathways to School, small capital project, for Measure A funds received for Sir Francis Drake Blvd and Taylor Road Rectangular Rapid Flash Beacons

DISCUSSION/ANALYSIS:

Measure A Compliance Audit Process:

The annual Measure A Compliance Audit Workshop was conducted on September 1, 2017. Staff, along with the audit team from Vavrinek, Trine, Day & Co., LLP, reviewed the requirements of the Measure A Expenditure Plan, the compliance audit policy adopted, and explained the process and timeline. Representatives from five different fund recipients attended the workshop and provided staff with valuable questions and feedback.

The audit team, along with TAM staff, started the initial pre-audit meetings with the fund recipients selected in September, field visits were completed by the end of October, and draft audit results were presented to TAM staff for review in early November. Staff is very pleased to report that there is no non-compliance findings discovered during this round of the compliance audit.

Measure A Compliance Audit Results By Fund Recipients:

The main purpose of the compliance audit is to verify all Measure A Transportation Sales Tax funds were spent according to the requirements of the Measure A Transportation Sales Tax Expenditure Plan/Strategic Plan and the funding agreements/contracts. Results from the audits can also help TAM staff to continue improving the fund programming and allocation process.

Compliance audit results for the five fund recipients selected for this round of audit effort are presented below for your review.

Interest Revenue: No Audit Conducted

Strategy 1: Marin Transit, Measure A Funds for Local Transit

Measure A Expenditure Audited:

Compliance audit for Marin Transit covers all Measure A expenditures that occurred in FY2016-17.

Measure A Allocation				
<u>Allocation Period</u>	<u>Agreement Number</u>	<u>Measure A Strategy</u>	<u>Agreement Date</u>	<u>Available Amount</u>
FY 16/17	A-FY17-03	1	7/1/2016	\$ 16,393,369
Measure A Expenditures				
<u>Project Name</u>	<u>Measure A Strategy</u>	<u>Amount</u>		
Local Bus Transit	1.1	\$ 9,024,034		
Local Bus Transit Service	1.2	1,061,315		
Rural Bus Transit System	1.3	2,180,396		
Capital Improvements	1.4	950,801		
Total Project Cost		<u>\$ 13,216,546</u>		

Result:

The results of the auditor’s procedures disclosed no instances of noncompliance with the Measure A Expenditure Plan and the funding agreement between Marin Transit and TAM.

Follow-up Meeting and/or Action:

Not needed.

Strategy 2 – Highway 101 Gap Closure - No Audit Conducted

Strategy 3.1 – County of Marin, Major Roads: Sir Francis Drake Boulevard Rehabilitation in Ross Valley

Measure A Expenditure Audited:

The Compliance audit for the County of Marin covers Measure A expenditures under the Strategy 3.1 Major Roads allocation, which was spent in FY2016-17.

Measure A Allocation				
Allocation Period	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY 15/16 and FY 16/17	2013-002	3.1	9/10/2013	\$ 1,350,000
Measure A Expenditures				
Project Name	Measure A Strategy	Amount		
Sir Francis Drake Boulevard Rehabilitation in Ross Valley	3.1	\$ 727,684		

Result:

The results of the auditor’s procedures disclosed no instances of noncompliance with the Measure A Expenditure Plan and the funding agreement between the County of Marin and TAM.

Follow-up Meeting and/or Action:

Not needed

Strategy 3.2 – Town of San Anselmo, Local Roads funds in or prior to FY2016-17

Measure A Expenditure Audited:

The compliance audit for the Town of San Anselmo covers Measure A expenditures under the Strategy 3.2 Local Streets and Roads allocation, which were spent in FY2016-17.

Measure A Allocation				
Allocation Period	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY 16/17	A-FY17-12	3.2	11/1/2016	\$ 143,571
Measure A Expenditures				
Project Name	Measure A Strategy	Amount		
2016 Pavement Rehabilitation and Preservation Project repaving Bank Street, Arroyo Ave. and slurry sealing Sir Ffrancis Drake from Tamalpais to Center and from Sunny Hills Dr. to Saunders Ave.	3.2	\$ 143,571		

Result:

The results of the auditor’s procedures disclosed no instances of noncompliance with the Measure A Expenditure Plan and the funding agreement between the Town of San Anselmo and TAM.

Follow-up Meeting and/or Action:

Not needed.

Strategy 4.2 – Town of Corte Madera, Safe Pathways to School, Major Capital Project: Tamalpais Drive Pedestrian Crossing Enhancement Project

Measure A Expenditure Audited:

The compliance audit for the Town of Corte Madera covers Measure A expenditures under the Strategy 4.3 Safe Pathways to School allocation, which were spent in FY2016-17.

Measure A Allocation				
Allocation Period	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY 15/16 and FY 16/17	2015-002	4.3	6/7/2015	\$ 90,000
Measure A Expenditures				
Project Name	Measure A Strategy	Amount		
Tamalpais Drive Pedestrian Crossing Enhancement Project	4.3	\$ 85,872		

Result:

The results of the auditor’s procedures disclosed no instances of noncompliance with the Measure A Expenditure Plan and the funding agreement between the Town of Corte Madera and TAM.

Follow-up Meeting and/or Action:

Not needed.

Strategy 4.3 – Town of Fairfax, Safe Pathways to School, small capital project: Sir Francis Drake Blvd and Taylor Road Rectangular Rapid Flash Beacons

Measure A Expenditure Audited:

The compliance audit for Town of Fairfax covers Measure A expenditures under the Strategy 4.3 Safe Pathways to School allocations, which were spent in FY2016-17.

Measure A Allocation				
Allocation Period	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY 16/17	2015-003	4.3	5/18/2015	\$ 25,000
Measure A Expenditures				
Project Name	Measure A Strategy	Amount		
Sir Francis Drake Blvd and Taylor Road Rectangular Rapid Flash Beacons (RRFB)	4.2	\$ 25,000		

Result:

The results of the auditor’s procedures disclosed no instances of noncompliance with the Measure A Expenditure Plan and the funding agreement between the Town of Fairfax and TAM.

Follow-up Meeting and/or Action:

Not needed.

FISCAL CONSIDERATION:

The Measure A compliance audit was conducted within budget and on schedule.

NEXT STEPS:

The eighth Measure A compliance audit cycle will start in May 2018.

ATTACHMENTS:

- Attachment 1 Measure A Compliance Audit Report – Marin Transit
- Attachment 2 Measure A Compliance Audit Report – County of Marin
- Attachment 3 Measure A Compliance Audit Report – Town of San Anselmo
- Attachment 4 Measure A Compliance Audit Report – Town of Corte Madera
- Attachment 5 Measure A Compliance Audit Report – Town of Fairfax



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

Board of Commissioners of
Transportation Authority of Marin
San Rafael, California

Compliance

We have audited Marin Transit's (Agency) compliance with the types of compliance requirements described in the Measure A Expenditure Plan and the respective funding agreement with the Transportation Authority of Marin (Authority) applicable to the Agency's Schedule of Allocations and Expenditures for the year ended June 30, 2017.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of management of the Agency.

Auditor's Responsibility

Our responsibility is to express an opinion on the Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to compliance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the Agency and the Authority. Those standards and the Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the Agency and the Authority require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the Agency's Schedule of Allocations and Expenditures. An audit includes examining, on a test basis, evidence about the Agency'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. Our audit does not provide a legal determination of the Agency's compliance with those requirements.

Opinion

In our opinion, the Agency complied, in all material respects, with the compliance requirements referred to above that are applicable to the Agency's Schedule of Allocations and Expenditures for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Agency's internal control over compliance to determine the auditing procedures for the purpose of expressing our 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 Agency's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance 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. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiency or material weaknesses, as defined above.

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 Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the Agency and the Authority. This report is intended solely for the information of the Board of Commissioners, Citizens' Oversight Committee, Management of the Authority, and Management of the Agency. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine Day & Co., LLP
November ____, 2017

MARIN TRANSIT

**MEASURE A COMPLIANCE REPORT AND NOTES
JUNE 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Marin Transit is an agency formed by vote by the people of Marin County that provides local transit services within Marin County.

Basis of Accounting

The Agency utilizes the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

NOTE 2 - MEASURE A SALES TAX

The Measure A sales tax is a 1/2 cent approved by voters as a step in implementing a 1.6 billion dollar “transportation vision” set forth by the County of Marin as a plan to alleviate traffic congestion, reinvent the public transportation system, provide additional pedestrian and bike pathways, provide safer routes to school and many other additional transit related goals. Citizens’ Advisory Committees in each part of the County, representing the many diverse interests in Marin, provided input that resulted in a draft expenditure plan. The draft plan was presented to each of Marin’s City/Town Councils and to numerous stakeholder groups. Their comments prompted refinements reflected in the Final Measure A Transportation Sales Tax Expenditure Plan (Plan).

The Plan is administered by the Transportation Authority of Marin (Authority). Its 16-member board consists of the Board of Supervisors and a council member of each incorporated City/Town. The Authority is accountable to a 12-member Citizens’ Oversight Committee (Committee), created with the assistance of the League of Women Voters. The Committee reviews all expenditures and audit reports annually and presents the results to the public in its annual report.

MARIN TRANSIT

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

1. Obtained original Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments for the audit period or for the period during which funding was utilized for an approved project.
2. Reviewed Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments to determine total funding provided by the applicable Strategy for the audit period or for the projects being audited.
3. Interviewed finance staff regarding internal controls in the following areas, specific to, but not limited to, accounting for Measure A funding, to obtain an understanding of the entity's operations:
 - a. Cash Disbursements – Reviewed policies and procedures regarding approval, defacements, accounts payable check processing, and other matters related to the disbursement of funds.
 - b. Cash Receipts – Reviewed policies and procedures regarding cash handling of over-the-counter receipts and cash receipts received through the mail, bank deposits, bank reconciliations, and other matters related to the receipt of funds.
4. Obtained all invoices submitted to the Authority for reimbursements, if applicable.
5. Obtained supporting documentation for a sample of invoices submitted to the Authority for reimbursements, including construction, personnel, project management, consultants, and other related costs.
6. Obtained general ledger detail for revenue and expenditures charged to the Measure A funding source or equivalent reports where income and expenses associated with Measure A funds can be clearly identified.
7. Reviewed remittances from the Authority to ensure that all revenues are correctly coded to the specific cost center or fund code designated for Measure A funding.
8. For reimbursement-based agreements, we reviewed a sample of invoices submitted to the Authority to ensure that the costs being billed on the invoices reconcile with the ones being charged to the specific Measure A cost center in the entity's financial accounting system.
9. For reimbursement-based agreements/contracts, expenditures charged to the specific cost center or fund code designated for Measure A funding were selected on a random basis and were tested for the following attributes:
 - a. Approval – Reviewed invoices and supporting documentation to ensure that the proper review and approval process occurred and is documented on the invoice.
 - b. Invoice – Reviewed invoices and supporting documentation to ensure that they are mathematically accurate, properly addressed to the auditee, and have sufficient detail to justify the amounts being charged and the cost center or fund code to which it is being charged to.

MARIN TRANSIT

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

- c. Coding – Reviewed invoices and supporting documentation to ensure that they have been correctly coded to the specific cost center or fund code designated for Measure A funding.
 - d. Allowable – Reviewed invoices and supporting documentation to ensure that the costs being charged to the specific cost center or fund code designated for Measure A funding are allowable costs based on the Measure A Expenditure Plan, the entity’s funding agreement with the Authority, and specific requirements of the Strategy for which the funds were restricted. Also reviewed expenditures to ensure that all costs are direct costs and not indirect costs or allocations of any kind.
10. For entities receiving funding in advance for Strategy 3 under a Measure A funding agreement, we reviewed, in summary form, various invoices to verify that expenditures being charged to the specific cost center or fund code restricted for Measure A are reasonable for the project. In addition, expenditures are also tested in the same fashion as outlined in step 9 of this list.
11. For entities where capital construction projects were funded utilizing Measure A Strategy 3 and 4 funding, we obtained the necessary project files and reviewed them for the following requirements:
- a. Procurement Process – Reviewed procurement process of the project to ensure that the project was properly advertised in publications, internet, trade journals and/or other acceptable means. If other means of procurement, such as selective RFP submittals were followed, we determined whether the process is adequate in regards to the project. Reviewed any other evidence of procurement when appropriate, such as fax logs or mailing lists.
 - b. Bids and Proposals – Reviewed bids and proposals received to ensure that sufficient bids were received in regards to the project.
 - c. Bid Award – Reviewed Transit agency’s Agendas and Minutes and/or related reports in regards to the bid award to ensure that the contract for the project was properly approved by Department Heads and the Transit agency’s Board and was properly documented in a public forum. Also, we reviewed bidding results to ensure that the lowest bid was selected, and if the lowest bid was not selected, that there is sufficient documentation for any other selection process utilized.
12. For entities where professional service contracts were paid utilizing Measure A funding, with regards to construction projects or other purposes, we reviewed the policies and procedures of the entity in question to ensure that internal policies and procedures were followed in regards to the selection of professional service firms.
13. For entities where capital construction projects were paid utilizing Measure A Strategy 3 and 4 funding, we reviewed any applicable environmental review requirements and reviewed documentation to verify that all reports and reviews were performed prior to the start of any construction.

MARIN TRANSIT

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

14. For entities where personnel costs were charged to the specific cost center or fund code designated for Measure A funding, we selected a representative sample of charges for personnel costs and tested for the following:
 - a. Recalculation – Reviewed and reconciled wage rates from personnel costs charged to Measure A cost center or fund code to the entity’s payroll registers to ensure that wage rates being charged were accurate and properly approved; reviewed all benefits and fringe costs being allocated in addition to wage rates to ensure that they are accurate and appropriate; recalculated personnel costs utilizing wage rates and hours being charged to ensure that the amounts are mathematically accurate; reviewed the calculation to ensure no indirect costs are included in the reimbursement request.
 - b. Timesheet – Reviewed timesheets for selected personnel costs to ensure that hours being charged to Measure A are properly supported with an approved timesheet. All charges to Measure A funding must be clearly documented on timesheets, detailing the number of hours and the funding source, on a daily basis. We also reviewed timesheets for selected personnel costs to ensure that signatures of both the employee and supervisor are present. Electronic time documentation methods must also have similar electronic signatures.
15. Obtained close-out reports, from completed capital construction projects, submitted to the Authority.
16. Reviewed close-out reports to ensure that they were submitted within 90 days and were properly certified in accordance with the entity’s funding agreement/contract with the Authority.

MARIN TRANSIT

**ATTACHMENT B – FINDINGS AND OBSERVATIONS
JUNE 30, 2017**

No findings noted.

MARIN TRANSIT

**ATTACHMENT C – SCHEDULE OF ALLOCATIONS AND EXPENDITURES
JUNE 30, 2017**

Measure A Allocation				
<u>Allocation Period</u>	<u>Agreement Number</u>	<u>Measure A Strategy</u>	<u>Agreement Date</u>	<u>Available Amount</u>
FY 16/17	A-FY17-03	1	7/1/2016	\$ 16,393,369
Measure A Expenditures				
<u>Project Name</u>	<u>Measure A Strategy</u>	<u>Amount</u>		
Local Bus Transit	1.1	\$	9,024,034	
Local Bus Transit Service	1.2		1,061,315	
Rural Bus Transit System	1.3		2,180,396	
Capital Improvements	1.4		950,801	
Total Project Cost			<u>\$ 13,216,546</u>	



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

Board of Commissioners of
Transportation Authority of Marin
San Rafael, California

Compliance

We have audited the County of Marin's (County) compliance with the types of compliance requirements described in the Measure A Expenditure Plan and the respective funding agreement with the Transportation Authority of Marin (Authority) applicable to the County's Schedule of Allocations and Expenditures for the year ended June 30, 2017.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of management of the County.

Auditor's Responsibility

Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to compliance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the County and the Authority. Those standards and the Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the County and the Authority require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the County's Schedule of Allocations and Expenditures. An audit includes examining, on a test basis, evidence about the County'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. Our audit does not provide a legal determination of the County's compliance with those requirements.

Opinion

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that are applicable to the County's Schedule of Allocations and Expenditures for the year ended June 30, 2017.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the County's internal control over compliance to determine the auditing procedures for the purpose of expressing our 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 County's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance 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. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiency or material weaknesses, as defined above.

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 Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the County and the Authority. This report is intended solely for the information of the Board of Commissioners, Citizens' Oversight Committee, Management of the Authority, and management of the County. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine Day & Co., LLP
November __, 2017

COUNTY OF MARIN

**MEASURE A COMPLIANCE REPORT AND NOTES
JUNE 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The County receives funding under the Measure A Expenditure Plan.

Basis of Accounting

The County utilizes the current resources measurement focus basis of account, whereby revenues are recognized when measurable and available. The County considers all revenues reported to be available if the revenues are collected within sixty days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. Capital assets acquisitions are reported as expenditures in the governmental funds.

NOTE 2 - MEASURE A SALES TAX

The Measure A sales tax is a 1/2 cent approved by voters as a step in implementing a 1.6 billion dollar “transportation vision” set forth by the County of Marin as a plan to alleviate traffic congestion, reinvent the public transportation system, provide additional pedestrian and bike pathways, provide safer routes to school and many other additional transit related goals. Citizens’ Advisory Committees in each part of the County, representing the many diverse interests in Marin, provided input that resulted in a draft expenditure plan. The draft plan was presented to each of Marin’s City/Town Councils and to numerous stakeholder groups. Their comments prompted refinements reflected in the Final Measure A Transportation Sales Tax Expenditure Plan (Plan).

The Plan is administered by the Transportation Authority of Marin (Authority). Its 16-member board consists of the Board of Supervisors and a council member of each incorporated City/Town. The Authority is accountable to a 12-member Citizens’ Oversight Committee (Committee), created with the assistance of the League of Women Voters. The Committee reviews all expenditures and audit reports annually and presents the results to the public in its annual report.

COUNTY OF MARIN

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

1. Obtained original Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments for the audit period or for the period during which funding was utilized for an approved project.
2. Reviewed Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments to determine total funding provided by the applicable Strategy for the audit period or for the projects being audited.
3. Interviewed finance staff regarding internal controls in the following areas, specific to, but not limited to, accounting for Measure A funding, to obtain an understanding of the entity's operations:
 - a. Cash Disbursements – Reviewed policies and procedures regarding approval, defacements, accounts payable check processing, and other matters related to the disbursement of funds.
 - b. Cash Receipts – Reviewed policies and procedures regarding cash handling of over-the-counter receipts and cash receipts received through the mail, bank deposits, bank reconciliations, and other matters related to the receipt of funds.
4. Obtained all invoices submitted to the Authority for reimbursements, if applicable.
5. Obtained supporting documentation for a sample of invoices submitted to the Authority for reimbursements, including construction, personnel, project management, consultants, and other related costs.
6. Obtained general ledger detail for revenue and expenditures charged to the Measure A funding source or equivalent reports where income and expenses associated with Measure A funds can be clearly identified.
7. Reviewed remittances from the Authority to ensure that all revenues are correctly coded to the specific cost center or fund code designated for Measure A funding.
8. For reimbursement-based agreements, we reviewed a sample of invoices submitted to the Authority to ensure that the costs being billed on the invoices reconcile with the ones being charged to the specific Measure A cost center in the entity's financial accounting system.
9. For reimbursement-based agreements/contracts, expenditures charged to the specific cost center or fund code designated for Measure A funding were selected on a random basis and were tested for the following attributes:
 - a. Approval – Reviewed invoices and supporting documentation to ensure that the proper review and approval process occurred and is documented on the invoice.
 - b. Invoice – Reviewed invoices and supporting documentation to ensure that they are mathematically accurate, properly addressed to the auditee, and have sufficient detail to justify the amounts being charged and the cost center or fund code to which it is being charged to.

COUNTY OF MARIN

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

- c. Coding – Reviewed invoices and supporting documentation to ensure that they have been correctly coded to the specific cost center or fund code designated for Measure A funding.
 - d. Allowable – Reviewed invoices and supporting documentation to ensure that the costs being charged to the specific cost center or fund code designated for Measure A funding are allowable costs based on the Measure A Expenditure Plan, the entity’s funding agreement with the Authority, and specific requirements of the Strategy for which the funds were restricted. Also reviewed expenditures to ensure that all costs are direct costs and not indirect costs or allocations of any kind.
10. For entities receiving funding in advance for Strategy 3 under a Measure A funding agreement, we reviewed, in summary form, various invoices to verify that expenditures being charged to the specific cost center or fund code restricted for Measure A are reasonable for the project. In addition, expenditures are also tested in the same fashion as outlined in step 9 of this list.
11. For entities where capital construction projects were funded utilizing Measure A Strategy 3 and 4 funding, we obtained the necessary project files and reviewed them for the following requirements:
- a. Procurement Process – Reviewed procurement process of the project to ensure that the project was properly advertised in publications, internet, trade journals and/or other acceptable means. If other means of procurement, such as selective RFP submittals were followed, we determined whether the process is adequate in regards to the project. Reviewed any other evidence of procurement when appropriate, such as fax logs or mailing lists.
 - b. Bids and Proposals – Reviewed bids and proposals received to ensure that sufficient bids were received in regards to the project.
 - c. Bid Award – Reviewed City/Town Council or County’s Agendas and Minutes and/or supporting documentation in regards to the bid award to ensure that the contract for the project was properly approved by Department Heads and the City/Town or County’s Council and was properly documented in a public forum. Also, we reviewed bidding results to ensure that the lowest bid was selected, and if the lowest bid was not selected, that there is sufficient documentation for any other selection process utilized.
12. For entities where professional service contracts were paid utilizing Measure A funding, with regards to construction projects or other purposes, we reviewed the policies and procedures of the entity in question to ensure that internal policies and procedures were followed in regards to the selection of professional service firms.
13. For entities where capital construction projects were paid utilizing Measure A Strategy 3 and 4 funding, we reviewed any applicable environmental review requirements and reviewed documentation to verify that all reports and reviews were performed prior to the start of any construction.

COUNTY OF MARIN

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

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 - a. Recalculation – Reviewed and reconciled wage rates from personnel costs charged to Measure A cost center or fund code to the entity’s payroll registers to ensure that wage rates being charged were accurate and properly approved; reviewed all benefits and fringe costs being allocated in addition to wage rates to ensure that they are accurate and appropriate; recalculated personnel costs utilizing wage rates and hours being charged to ensure that the amounts are mathematically accurate; reviewed the calculation to ensure no indirect costs are included in the reimbursement request.
 - b. Timesheet – Reviewed timesheets for selected personnel costs to ensure that hours being charged to Measure A are properly supported with an approved timesheet. All charges to Measure A funding must be clearly documented on timesheets, detailing the number of hours and the funding source, on a daily basis. We also reviewed timesheets for selected personnel costs to ensure that signatures of both the employee and supervisor are present. Electronic time documentation methods must also have similar electronic signatures.
15. Obtained close-out reports, from completed capital construction projects, submitted to the Authority.
16. Reviewed close-out reports to ensure that they were submitted within 90 days and were properly certified in accordance with the entity’s funding agreement/contract with the Authority.

COUNTY OF MARIN

**ATTACHMENT B – FINDINGS AND OBSERVATIONS
JUNE 30, 2017**

No findings noted.

COUNTY OF MARIN

**ATTACHMENT C – SCHEDULE OF ALLOCATIONS AND EXPENDITURES
JUNE 30, 2017**

Measure A Allocation				
Allocation Period	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY 15/16 and FY 16/17	2013-002	3.1	9/10/2013	\$ 1,350,000
Measure A Expenditures				
Project Name	Measure A Strategy	Amount		
Sir Francis Drake Boulevard Rehabilitation in Ross Valley	3.1	\$	727,684	



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

Board of Commissioners of
Transportation Authority of Marin
San Rafael, California

Compliance

We have audited the Town of San Anselmo' (Town) compliance with the types of compliance requirements described in the Measure A Expenditure Plan and the respective funding agreement with the Transportation Authority of Marin (Authority) applicable to the Town's Schedule of Allocations and Expenditures for the year ended June 30, 2017.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of management of the Town.

Auditor's Responsibility

Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to compliance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the Town and the Authority. Those standards and the Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the Town and the Authority require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the Town's Schedule of Allocations and Expenditures. An audit includes examining, on a test basis, evidence about the Town'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. Our audit does not provide a legal determination of the Town's compliance with those requirements.

Opinion

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that are applicable to the Town's Schedule of Allocations and Expenditures for the year ended June 30, 2017.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Town's internal control over compliance to determine the auditing procedures for the purpose of expressing our 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 Town's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance 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. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiency or material weaknesses, as defined above.

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 Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the Town and the Authority. This report is intended solely for the information of the Board of Commissioners, Citizens' Oversight Committee, Management of the Authority, and management of the Town. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine, Day & Co., LLP
November ____, 2017

TOWN OF SAN ANSELMO

**MEASURE A COMPLIANCE REPORT AND NOTES
JUNE 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Town is an incorporated Town that receives funding under the Measure A Expenditure Plan as a member of the County of Marin.

Basis of Accounting

The Town utilizes the current resources measurement focus basis of account, whereby revenues are recognized when measurable and available. The Town considers all revenues reported to be available if the revenues are collected within sixty days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. Capital assets acquisitions are reported as expenditures in the governmental funds.

NOTE 2 - MEASURE A SALES TAX

The Measure A sales tax is a 1/2 cent approved by voters as a step in implementing a 1.6 billion dollar “transportation vision” set forth by the County of Marin as a plan to alleviate traffic congestion, reinvent the public transportation system, provide additional pedestrian and bike pathways, provide safer routes to school and many other additional transit related goals. Citizens’ Advisory Committees in each part of the County, representing the many diverse interests in Marin, provided input that resulted in a draft expenditure plan. The draft plan was presented to each of Marin’s City/Town Councils and to numerous stakeholder groups. Their comments prompted refinements reflected in the Final Measure A Transportation Sales Tax Expenditure Plan (Plan).

The Plan is administered by the Transportation Authority of Marin (Authority). Its 16-member board consists of the Board of Supervisors and a council member of each incorporated City/Town. The Authority is accountable to a 12-member Citizens’ Oversight Committee (Committee), created with the assistance of the League of Women Voters. The Committee reviews all expenditures and audit reports annually and presents the results to the public in its annual report.

TOWN OF SAN ANSELMO

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

1. Obtained original Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments for the audit period or for the period during which funding was utilized for an approved project.
2. Reviewed Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments to determine total funding provided by the applicable Strategy for the audit period or for the projects being audited.
3. Interviewed finance staff regarding internal controls in the following areas, specific to, but not limited to, accounting for Measure A funding, to obtain an understanding of the entity's operations:
 - a. Cash Disbursements – Reviewed policies and procedures regarding approval, defacements, accounts payable check processing, and other matters related to the disbursement of funds.
 - b. Cash Receipts – Reviewed policies and procedures regarding cash handling of over-the-counter receipts and cash receipts received through the mail, bank deposits, bank reconciliations, and other matters related to the receipt of funds.
4. Obtained all invoices submitted to the Authority for reimbursements, if applicable.
5. Obtained supporting documentation for a sample of invoices submitted to the Authority for reimbursements, including construction, personnel, project management, consultants, and other related costs.
6. Obtained general ledger detail for revenue and expenditures charged to the Measure A funding source or equivalent reports where income and expenses associated with Measure A funds can be clearly identified.
7. Reviewed remittances from the Authority to ensure that all revenues are correctly coded to the specific cost center or fund code designated for Measure A funding.
8. For reimbursement-based agreements, we reviewed a sample of invoices submitted to the Authority to ensure that the costs being billed on the invoices reconcile with the ones being charged to the specific Measure A cost center in the entity's financial accounting system.
9. For reimbursement-based agreements/contracts, expenditures charged to the specific cost center or fund code designated for Measure A funding were selected on a random basis and were tested for the following attributes:
 - a. Approval – Reviewed invoices and supporting documentation to ensure that the proper review and approval process occurred and is documented on the invoice.
 - b. Invoice – Reviewed invoices and supporting documentation to ensure that they are mathematically accurate, properly addressed to the auditee, and have sufficient detail to justify the amounts being charged and the cost center or fund code to which it is being charged to.

TOWN OF SAN ANSELMO

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

- c. Coding – Reviewed invoices and supporting documentation to ensure that they have been correctly coded to the specific cost center or fund code designated for Measure A funding.
 - d. Allowable – Reviewed invoices and supporting documentation to ensure that the costs being charged to the specific cost center or fund code designated for Measure A funding are allowable costs based on the Measure A Expenditure Plan, the entity’s funding agreement with the Authority, and specific requirements of the Strategy for which the funds were restricted. Also reviewed expenditures to ensure that all costs are direct costs and not indirect costs or allocations of any kind.
10. For entities receiving funding in advance for Strategy 3 under a Measure A funding agreement, we reviewed, in summary form, various invoices to verify that expenditures being charged to the specific cost center or fund code restricted for Measure A are reasonable for the project. In addition, expenditures are also tested in the same fashion as outlined in step 9 of this list.
11. For entities where capital construction projects were funded utilizing Measure A Strategy 3 and 4 funding, we obtained the necessary project files and reviewed them for the following requirements:
- a. Procurement Process – Reviewed procurement process of the project to ensure that the project was properly advertised in publications, internet, trade journals and/or other acceptable means. If other means of procurement, such as selective RFP submittals were followed, we determined whether the process is adequate in regards to the project. Reviewed any other evidence of procurement when appropriate, such as fax logs or mailing lists.
 - b. Bids and Proposals – Reviewed bids and proposals received to ensure that sufficient bids were received in regards to the project.
 - c. Bid Award – Reviewed Town Council Agendas and Minutes and/or related reports in regards to the bid award to ensure that the contract for the project was properly approved by Department Heads and the Town Council and was properly documented in a public forum. Also, we reviewed bidding results to ensure that the lowest bid was selected, and if the lowest bid was not selected, that there is sufficient documentation for any other selection process utilized.
12. For entities where professional service contracts were paid utilizing Measure A funding, with regards to construction projects or other purposes, we reviewed the policies and procedures of the entity in question to ensure that internal policies and procedures were followed in regards to the selection of professional service firms.
13. For entities where capital construction projects were paid utilizing Measure A Strategy 3 and 4 funding, we reviewed any applicable environmental review requirements and reviewed documentation to verify that all reports and reviews were performed prior to the start of any construction.

TOWN OF SAN ANSELMO

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

14. For entities where personnel costs were charged to the specific cost center or fund code designated for Measure A funding, we selected a representative sample of charges for personnel costs and tested for the following:
 - a. Recalculation – Reviewed and reconciled wage rates from personnel costs charged to Measure A cost center or fund code to the entity’s payroll registers to ensure that wage rates being charged were accurate and properly approved; reviewed all benefits and fringe costs being allocated in addition to wage rates to ensure that they are accurate and appropriate; recalculated personnel costs utilizing wage rates and hours being charged to ensure that the amounts are mathematically accurate; reviewed the calculation to ensure no indirect costs are included in the reimbursement request.
 - b. Timesheet – Reviewed timesheets for selected personnel costs to ensure that hours being charged to Measure A are properly supported with an approved timesheet. All charges to Measure A funding must be clearly documented on timesheets, detailing the number of hours and the funding source, on a daily basis. We also reviewed timesheets for selected personnel costs to ensure that signatures of both the employee and supervisor are present. Electronic time documentation methods must also have similar electronic signatures.
15. Obtained close-out reports, from completed capital construction projects, submitted to the Authority.
16. Reviewed close-out reports to ensure that they were submitted within 90 days and were properly certified in accordance with the entity’s funding agreement/contract with the Authority.

TOWN OF SAN ANSELMO

**ATTACHMENT B – FINDINGS AND OBSERVATIONS
JUNE 30, 2017**

No findings noted.

TOWN OF SAN ANSELMO

**ATTACHMENT C – SCHEDULE OF ALLOCATIONS AND EXPENDITURES
JUNE 30, 2017**

Measure A Allocation				
Allocation Period	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY 16/17	A-FY17-12	3.2	11/1/2016	\$ 143,571
Measure A Expenditures				
Project Name	Measure A Strategy	Amount		
2016 Pavement Rehabilitation and Preservation Project repaving Bank Street, Arroyo Ave. and slurry sealing Sir Ffrancis Drake from Tamalpais to Center and from Sunny Hills Dr. to Saunders Ave.	3.2	\$	143,571	



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

Board of Commissioners of
Transportation Authority of Marin
San Rafael, California

Compliance

We have audited the Town of Corte Madera's (Town) compliance with the types of compliance requirements described in the Measure A Expenditure Plan and the respective funding agreement with the Transportation Authority of Marin (Authority) applicable to the Town's Schedule of Allocations and Expenditures for the year ended June 30, 2017.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of management of the Town.

Auditor's Responsibility

Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to compliance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the Town and the Authority. Those standards and the Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the Town and the Authority require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the Town's Schedule of Allocations and Expenditures. An audit includes examining, on a test basis, evidence about the Town'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. Our audit does not provide a legal determination of the Town's compliance with those requirements.

Opinion

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that are applicable to the Town's Schedule of Allocations and Expenditures for the year ended June 30, 2017.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Town's internal control over compliance to determine the auditing procedures for the purpose of expressing our 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 Town's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance 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. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiency or material weaknesses, as defined above.

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 Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the Town and the Authority. This report is intended solely for the information of the Board of Commissioners, Citizens' Oversight Committee, Management of the Authority, and management of the Town. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine Day & Co., LLP
November __, 2017

TOWN OF CORTE MADERA

**MEASURE A COMPLIANCE REPORT AND NOTES TO THE MEASURE A
JUNE 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Town is an incorporated town that receives funding under the Measure A Expenditure Plan as a member of the County of Marin.

Basis of Accounting

The Town utilizes the current resources measurement focus basis of account, whereby revenues are recognized when measurable and available. The Town considers all revenues reported to be available if the revenues are collected within sixty days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. Capital assets acquisitions are reported as expenditures in the governmental funds.

NOTE 2 - MEASURE A SALES TAX

The Measure A sales tax is a 1/2 cent approved by voters as a step in implementing a 1.6 billion dollar “transportation vision” set forth by the County of Marin as a plan to alleviate traffic congestion, reinvent the public transportation system, provide additional pedestrian and bike pathways, provide safer routes to school and many other additional transit related goals. Citizens’ Advisory Committees in each part of the County, representing the many diverse interests in Marin, provided input that resulted in a draft expenditure plan. The draft plan was presented to each of Marin’s City/Town Councils and to numerous stakeholder groups. Their comments prompted refinements reflected in the Final Measure A Transportation Sales Tax Expenditure Plan (Plan).

The Plan is administered by the Transportation Authority of Marin (Authority). Its 16-member board consists of the Board of Supervisors and a council member of each incorporated City/Town. The Authority is accountable to a 12-member Citizens’ Oversight Committee (Committee), created with the assistance of the League of Women Voters. The Committee reviews all expenditures and audit reports annually and presents the results to the public in its annual report.

TOWN OF CORTE MADERA

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

1. Obtained original Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments for the audit period or for the period during which funding was utilized for an approved project.
2. Reviewed Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments to determine total funding provided by the applicable Strategy for the audit period or for the projects being audited.
3. Interviewed finance staff regarding internal controls in the following areas, specific to, but not limited to, accounting for Measure A funding, to obtain an understanding of the entity's operations:
 - a. Cash Disbursements – Reviewed policies and procedures regarding approval, defacements, accounts payable check processing, and other matters related to the disbursement of funds.
 - b. Cash Receipts – Reviewed policies and procedures regarding cash handling of over-the-counter receipts and cash receipts received through the mail, bank deposits, bank reconciliations, and other matters related to the receipt of funds.
4. Obtained all invoices submitted to the Authority for reimbursements, if applicable.
5. Obtained supporting documentation for a sample of invoices submitted to the Authority for reimbursements, including construction, personnel, project management, consultants, and other related costs.
6. Obtained general ledger detail for revenue and expenditures charged to the Measure A funding source or equivalent reports where income and expenses associated with Measure A funds can be clearly identified.
7. Reviewed remittances from the Authority to ensure that all revenues are correctly coded to the specific cost center or fund code designated for Measure A funding.
8. For reimbursement-based agreements, we reviewed a sample of invoices submitted to the Authority to ensure that the costs being billed on the invoices reconcile with the ones being charged to the specific Measure A cost center in the entity's financial accounting system.
9. For reimbursement-based agreements/contracts, expenditures charged to the specific cost center or fund code designated for Measure A funding were selected on a random basis and were tested for the following attributes:
 - a. Approval – Reviewed invoices and supporting documentation to ensure that the proper review and approval process occurred and is documented on the invoice.
 - b. Invoice – Reviewed invoices and supporting documentation to ensure that they are mathematically accurate, properly addressed to the auditee, and have sufficient detail to justify the amounts being charged and the cost center or fund code to which it is being charged to.

TOWN OF CORTE MADERA

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

- c. Coding – Reviewed invoices and supporting documentation to ensure that they have been correctly coded to the specific cost center or fund code designated for Measure A funding.
 - d. Allowable – Reviewed invoices and supporting documentation to ensure that the costs being charged to the specific cost center or fund code designated for Measure A funding are allowable costs based on the Measure A Expenditure Plan, the entity’s funding agreement with the Authority, and specific requirements of the Strategy for which the funds were restricted. Also reviewed expenditures to ensure that all costs are direct costs and not indirect costs or allocations of any kind.
10. For entities receiving funding in advance for Strategy 3 under a Measure A funding agreement, we reviewed, in summary form, various invoices to verify that expenditures being charged to the specific cost center or fund code restricted for Measure A are reasonable for the project. In addition, expenditures are also tested in the same fashion as outlined in step 9 of this list.
11. For entities where capital construction projects were funded utilizing Measure A Strategy 3 and 4 funding, we obtained the necessary project files and reviewed them for the following requirements:
- a. Procurement Process – Reviewed procurement process of the project to ensure that the project was properly advertised in publications, internet, trade journals and/or other acceptable means. If other means of procurement, such as selective RFP submittals were followed, we determined whether the process is adequate in regards to the project. Reviewed any other evidence of procurement when appropriate, such as fax logs or mailing lists.
 - b. Bids and Proposals – Reviewed bids and proposals received to ensure that sufficient bids were received in regards to the project.
 - c. Bid Award – Reviewed Town Council Agendas and Minutes and/or other related reports in regards to the bid award to ensure that the contract for the project was properly approved by Department Heads and the Town Council and was properly documented in a public forum. Also, we reviewed bidding results to ensure that the lowest bid was selected, and if the lowest bid was not selected, that there is sufficient documentation for any other selection process utilized.
12. For entities where professional service contracts were paid utilizing Measure A funding, with regards to construction projects or other purposes, we reviewed the policies and procedures of the entity in question to ensure that internal policies and procedures were followed in regards to the selection of professional service firms.
13. For entities where capital construction projects were paid utilizing Measure A Strategy 3 and 4 funding, we reviewed any applicable environmental review requirements and reviewed documentation to verify that all reports and reviews were performed prior to the start of any construction.

TOWN OF CORTE MADERA

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

14. For entities where personnel costs were charged to the specific cost center or fund code designated for Measure A funding, we selected a representative sample of charges for personnel costs and tested for the following:
 - a. Recalculation – Reviewed and reconciled wage rates from personnel costs charged to Measure A cost center or fund code to the entity’s payroll registers to ensure that wage rates being charged were accurate and properly approved; reviewed all benefits and fringe costs being allocated in addition to wage rates to ensure that they are accurate and appropriate; recalculated personnel costs utilizing wage rates and hours being charged to ensure that the amounts are mathematically accurate; reviewed the calculation to ensure no indirect costs are included in the reimbursement request.
 - b. Timesheet – Reviewed timesheets for selected personnel costs to ensure that hours being charged to Measure A are properly supported with an approved timesheet. All charges to Measure A funding must be clearly documented on timesheets, detailing the number of hours and the funding source, on a daily basis. We also reviewed timesheets for selected personnel costs to ensure that signatures of both the employee and supervisor are present. Electronic time documentation methods must also have similar electronic signatures.
15. Obtained close-out reports, from completed capital construction projects, submitted to the Authority.
16. Reviewed close-out reports to ensure that they were submitted within 90 days and were properly certified in accordance with the entity’s funding agreement/contract with the Authority.

TOWN OF CORTE MADERA

**ATTACHMENT B – FINDINGS AND OBSERVATIONS
JUNE 30, 2017**

No findings noted.

TOWN OF CORTE MADERA

ATTACHMENT C – SCHEDULE OF ALLOCATIONS AND EXPENDITURES
JUNE 30, 2017

Measure A Allocation				
Allocation Period	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY 15/16 and FY 16/17	2015-002	4.3	6/7/2015	\$ 90,000
Measure A Expenditures				
Project Name	Measure A Strategy	Amount		
Tamalpais Drive Pedestrian Crossing Enhancement Project	4.3	\$	89,860	



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

Board of Commissioners of
Transportation Authority of Marin
San Rafael, California

Compliance

We have audited the Town of Fairfax's (Town) compliance with the types of compliance requirements described in the Measure A Expenditure Plan and the respective funding agreement with the Transportation Authority of Marin (Authority) applicable to the Town's Schedule of Allocations and Expenditures for the year ended June 30, 2017.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of management of the Town.

Auditor's Responsibility

Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to compliance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the Town and the Authority. Those standards and the Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the Town and the Authority require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the Town's Schedule of Allocations and Expenditures. An audit includes examining, on a test basis, evidence about the Town'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. Our audit does not provide a legal determination of the Town's compliance with those requirements.

Opinion

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that are applicable to the Town's Schedule of Allocations and Expenditures for the year ended June 30, 2017.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Town's internal control over compliance to determine the auditing procedures for the purpose of expressing our 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 Town's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance 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. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiency or material weaknesses, as defined above.

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 Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the Town and the Authority. This report is intended solely for the information of the Board of Commissioners, Citizens' Oversight Committee, Management of the Authority, and management of the Town. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine Day & Co., LLP
November ____, 2017

TOWN OF FAIRFAX

**MEASURE A COMPLIANCE REPORT AND NOTES TO THE MEASURE A
JUNE 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Town is an incorporated town that receives funding under the Measure A Expenditure Plan as a member of the County of Marin.

Basis of Accounting

The Town utilizes the current resources measurement focus basis of account, whereby revenues are recognized when measurable and available. The Town considers all revenues reported to be available if the revenues are collected within sixty days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. Capital assets acquisitions are reported as expenditures in the governmental funds.

NOTE 2 - MEASURE A SALES TAX

The Measure A sales tax is a 1/2 cent approved by voters as a step in implementing a 1.6 billion dollar “transportation vision” set forth by the County of Marin as a plan to alleviate traffic congestion, reinvent the public transportation system, provide additional pedestrian and bike pathways, provide safer routes to school and many other additional transit related goals. Citizens’ Advisory Committees in each part of the County, representing the many diverse interests in Marin, provided input that resulted in a draft expenditure plan. The draft plan was presented to each of Marin’s City/Town Councils and to numerous stakeholder groups. Their comments prompted refinements reflected in the Final Measure A Transportation Sales Tax Expenditure Plan (Plan).

The Plan is administered by the Transportation Authority of Marin (Authority). Its 16-member board consists of the Board of Supervisors and a council member of each incorporated City/Town. The Authority is accountable to a 12-member Citizens’ Oversight Committee (Committee), created with the assistance of the League of Women Voters. The Committee reviews all expenditures and audit reports annually and presents the results to the public in its annual report.

TOWN OF FAIRFAX

**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

1. Obtained original Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments for the audit period or for the period during which funding was utilized for an approved project.
2. Reviewed Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments to determine total funding provided by the applicable Strategy for the audit period or for the projects being audited.
3. Interviewed finance staff regarding internal controls in the following areas, specific to, but not limited to, accounting for Measure A funding, to obtain an understanding of the entity's operations:
 - a. Cash Disbursements – Reviewed policies and procedures regarding approval, defacements, accounts payable check processing, and other matters related to the disbursement of funds.
 - b. Cash Receipts – Reviewed policies and procedures regarding cash handling of over-the-counter receipts and cash receipts received through the mail, bank deposits, bank reconciliations, and other matters related to the receipt of funds.
4. Obtained all invoices submitted to the Authority for reimbursements, if applicable.
5. Obtained supporting documentation for a sample of invoices submitted to the Authority for reimbursements, including construction, personnel, project management, consultants, and other related costs.
6. Obtained general ledger detail for revenue and expenditures charged to the Measure A funding source or equivalent reports where income and expenses associated with Measure A funds can be clearly identified.
7. Reviewed remittances from the Authority to ensure that all revenues are correctly coded to the specific cost center or fund code designated for Measure A funding.
8. For reimbursement-based agreements, we reviewed a sample of invoices submitted to the Authority to ensure that the costs being billed on the invoices reconcile with the ones being charged to the specific Measure A cost center in the entity's financial accounting system.
9. For reimbursement-based agreements/contracts, expenditures charged to the specific cost center or fund code designated for Measure A funding were selected on a random basis and were tested for the following attributes:
 - a. Approval – Reviewed invoices and supporting documentation to ensure that the proper review and approval process occurred and is documented on the invoice.
 - b. Invoice – Reviewed invoices and supporting documentation to ensure that they are mathematically accurate, properly addressed to the auditee, and have sufficient detail to justify the amounts being charged and the cost center or fund code to which it is being charged to.

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- c. Coding – Reviewed invoices and supporting documentation to ensure that they have been correctly coded to the specific cost center or fund code designated for Measure A funding.
 - d. Allowable – Reviewed invoices and supporting documentation to ensure that the costs being charged to the specific cost center or fund code designated for Measure A funding are allowable costs based on the Measure A Expenditure Plan, the entity’s funding agreement with the Authority, and specific requirements of the Strategy for which the funds were restricted. Also reviewed expenditures to ensure that all costs are direct costs and not indirect costs or allocations of any kind.
10. For entities receiving funding in advance for Strategy 3 under a Measure A funding agreement, we reviewed, in summary form, various invoices to verify that expenditures being charged to the specific cost center or fund code restricted for Measure A are reasonable for the project. In addition, expenditures are also tested in the same fashion as outlined in step 9 of this list.
11. For entities where capital construction projects were funded utilizing Measure A Strategy 3 and 4 funding, we obtained the necessary project files and reviewed them for the following requirements:
- a. Procurement Process – Reviewed procurement process of the project to ensure that the project was properly advertised in publications, internet, trade journals and/or other acceptable means. If other means of procurement, such as selective RFP submittals were followed, we determined whether the process is adequate in regards to the project. Reviewed any other evidence of procurement when appropriate, such as fax logs or mailing lists.
 - b. Bids and Proposals – Reviewed bids and proposals received to ensure that sufficient bids were received in regards to the project.
 - c. Bid Award – Reviewed Town Council Agendas and Minutes and/or other related reports in regards to the bid award to ensure that the contract for the project was properly approved by Department Heads and the Town Council and was properly documented in a public forum. Also, we reviewed bidding results to ensure that the lowest bid was selected, and if the lowest bid was not selected, that there is sufficient documentation for any other selection process utilized.
12. For entities where professional service contracts were paid utilizing Measure A funding, with regards to construction projects or other purposes, we reviewed the policies and procedures of the entity in question to ensure that internal policies and procedures were followed in regards to the selection of professional service firms.
13. For entities where capital construction projects were paid utilizing Measure A Strategy 3 and 4 funding, we reviewed any applicable environmental review requirements and reviewed documentation to verify that all reports and reviews were performed prior to the start of any construction.

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14. For entities where personnel costs were charged to the specific cost center or fund code designated for Measure A funding, we selected a representative sample of charges for personnel costs and tested for the following:
 - a. Recalculation – Reviewed and reconciled wage rates from personnel costs charged to Measure A cost center or fund code to the entity’s payroll registers to ensure that wage rates being charged were accurate and properly approved; reviewed all benefits and fringe costs being allocated in addition to wage rates to ensure that they are accurate and appropriate; recalculated personnel costs utilizing wage rates and hours being charged to ensure that the amounts are mathematically accurate; reviewed the calculation to ensure no indirect costs are included in the reimbursement request.
 - b. Timesheet – Reviewed timesheets for selected personnel costs to ensure that hours being charged to Measure A are properly supported with an approved timesheet. All charges to Measure A funding must be clearly documented on timesheets, detailing the number of hours and the funding source, on a daily basis. We also reviewed timesheets for selected personnel costs to ensure that signatures of both the employee and supervisor are present. Electronic time documentation methods must also have similar electronic signatures.
15. Obtained close-out reports, from completed capital construction projects, submitted to the Authority.
16. Reviewed close-out reports to ensure that they were submitted within 90 days and were properly certified in accordance with the entity’s funding agreement/contract with the Authority.

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**ATTACHMENT B – FINDINGS AND OBSERVATIONS
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No findings noted.

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ATTACHMENT C – SCHEDULE OF ALLOCATIONS AND EXPENDITURES
JUNE 30, 2017

Measure A Allocation				
Allocation Period	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY 16/17	2015-003	4.3	5/18/2015	\$ 25,000
Measure A Expenditures				
Project Name	Measure A Strategy	Amount		
Sir Francis Drake Blvd and Taylor Road Rectangular Rapid Flash Beacons (RRFB)	4.2	\$ 25,000		