

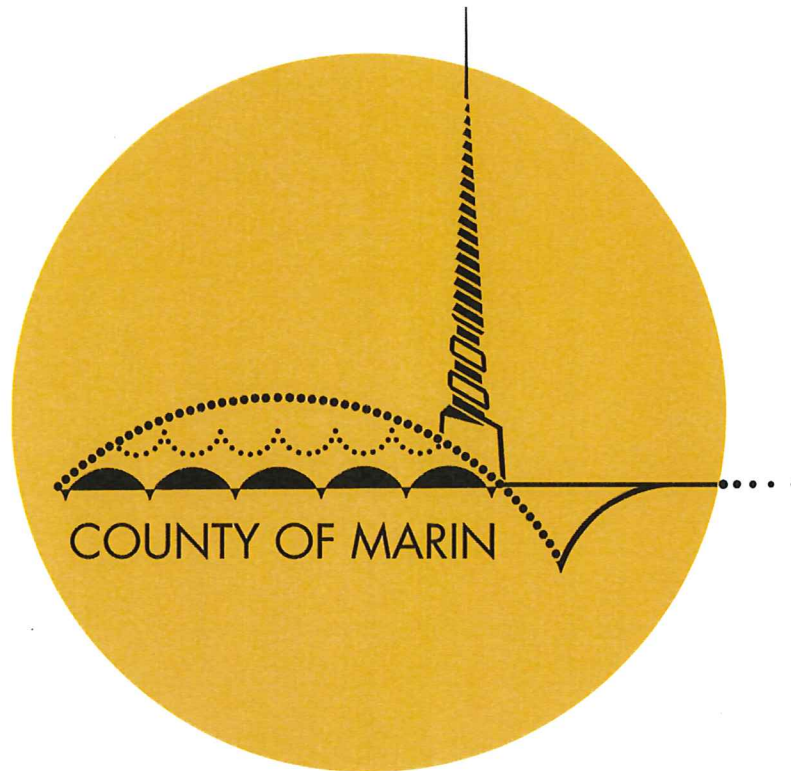
**COUNTY OF MARIN, CALIFORNIA**

**DEPARTMENT OF FINANCE**

**INTERNAL AUDIT DIVISION**

**MARIN COUNTY PARKS MEASURE A SUB-RECIPIENT COMPLIANCE AUDIT**

**FOR THE PERIOD JULY 1, 2014 THROUGH JUNE 30, 2015**

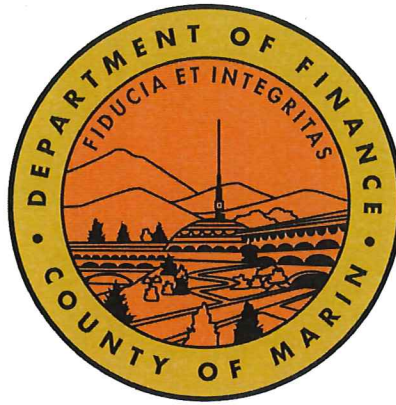


**Roy Given – Director**

**Mina Martinovich – Assistant Director**

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## INTERNAL AUDIT DIVISION

### MARIN COUNTY PARKS SUB-RECIPIENT COMPLIANCE AUDIT

FOR THE PERIOD JULY 1, 2014 THROUGH JUNE 30, 2015<sup>1</sup>

Management of Marin County Parks

Measure A Community Oversight Committee

Gerald Gause  
Robert Berner<sup>2</sup>  
Michael Dybeck  
Tamara Hull  
Joe Meylan  
Raphael Durr  
Larry Kennings

## I. EXECUTIVE SUMMARY

### Background

Measure A was approved in 2012 by the voters of the County of Marin, which calls for the imposition and collection of a quarter of one percent Transaction and Use Tax for the purpose of providing essential funding to preserve and maintain open space, parks, and farmland. The provisions of Measure A are supported by Ordinance No. 3586, which became operative on April 1, 2013. Tax revenue is collected by the State Board of Equalization and remitted to the County on a monthly basis.

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<sup>1</sup> Note that the sub-recipients based on accrual basis of accounting. Whereas Measure A sub-recipient work plans and expenditure reports function on a cash basis strictly detailing money given out within the specific date range.

<sup>2</sup> Robert Berner is a former Director of Marin Agricultural Land Trust (MALT), which received a sizeable amount of Measure A funding in the current year from the Farmland Preservation Program. This could be seen as a potential conflict of interest, however, Mr. Berner does not hold the seat for the Agricultural Representative and is not involved in the selection of grants under the Farmland Preservation Program. Mr. Berner receive a report-out during public meetings of the Measure A Community Oversight Committee on expenditure of Farmland Preservation Program funding.

Measure A includes an Expenditure Plan (the Plan), which governs how the sales tax proceeds are to be spent, as follows:

- 65% of annual Measure A revenues generated will be used for the Parks and Open Space Program, of which:
  - 80% is to be used towards the protection or restoration of natural resources, to repair and maintain existing County parks and open space preserves, restore and improve public access; and
  - 20% is to be used towards the preservation of natural lands.
- 20% of annual Measure A revenues generated will be used for the purchase of easements or additional real property interests to protect Marin’s agricultural lands; and
- 15% of annual Measure A revenues generated will be used to assist Marin’s municipalities and applicable special districts (through formula grants to subrecipients) in managing their parks, open space preserves, recreation programs, and vegetation to promote biodiversity and reduce wildfire risk.

A Community Oversight Committee (the Committee) was created by the BOS and reports to Acting Director and General Manager of Marin County Parks and the Marin County Open Space District. It is the responsibility of the Committee to review expenditures on an annual basis and ensure they conform to the Plan. In accordance with Measure A, Marin County Parks had a compliance audit performed by an external auditor, Badawi and Associates. Badawi’s objective was to determine compliance of Measure A by Marin County Parks as a whole. Their procedures included: (1) testing that the County deposited the Measure A sales tax receipts into the County’s Measure A fund, (2) verifying the allocation of the Measure A receipts to the three programs included in the Expenditure Plan, and (3) testing the payments made from Measure A funds for allowability per the requirements in the Expenditure Plan.

For the period from July 1, 2014 through June 30, 2015, the County collected \$12,779,350 in Measure A sales tax revenue and earned \$24,317 in County pool interest, for a total of \$12,803,667 in Measure A funds. There was a total of \$5,481,187 expenditures noted.

Measure A funds have been made available to sub-recipients through three grant application processes; (1) Allocation to Cities, Towns and Special Districts Program (CTSD), (2) Farmland Preservation Program matching grants (FP) and (3) Community Grant Program (CGP). All grant agreements are subject to the review and approval of the Marin County Board of Supervisors (BOS). This program’s annual amount, or its balance, may be accumulated, carried over, and accrued for expenditures in future years, not to exceed ten years after the termination date of the sales tax increase. The Department of Finance Internal Audit Division (DOF-IAD) was called upon by the Committee to audit claims against the Expenditure Plan for the duration of the program for the sub-recipient programs as mentioned above.

The following disbursements were made to the Plan components for the period from July 1, 2014 through June 30, 2015:

• Cities/Towns/Special Districts (CTSD)	\$ 1,594,199.94
• Farmland Preservation (FP)	181,272.01
• Community Grant Program (CGP)	<u>82,294.78</u>
<b>FY’15 Total Disbursed</b>	<b>\$1,857,766.73</b>



	Sub-Recipient	Program**	Total disbursement July 1, 2014-June 30, 2015 *	Amount Expended per expenditure report by sub-recipients July 1, 2014-June 30, 2015
1	City of Belvedere	CTSD	\$ 15,130.11	\$ 22,471.78
2	Town of Corte Madera	CTSD	34,525.80	25,868.51 ***
3	Town of Fairfax	CTSD	54,391.51	63,770.69 ***
4	City of Larkspur	CTSD	128,681.72	21,588.00
5	The City of Mill Valley	CTSD	102,610.57	0.00
6	The City of Novato	CTSD	194,685.50	141,454.62 ***
7	Town of Ross	CTSD	17,741.25	17,504.00
8	The Town of San Anselmo	CTSD	90,164.13	55,494.00
9	City of San Rafael	CTSD	422,003.84	279,537.37
10	City of Sausalito	CTSD	0.00	35,413.64
11	The Town of Tiburon	CTSD	65,503.36	52,000.00
12	Bel Marin Keys Community Services District	CTSD	52,833.00	1,787.50 ***
13	Marinwood Community Services District	CTSD	79,283.83	53,817.47
14	Muir Beach Community Services District	CTSD	50,840.76	50,840.76
15	Strawberry Recreation District	CTSD	81,318.50	42,678.27
16	Tamalpais Community Services District	CTSD	147,927.85	46,870.84 ***
17	Tomales Village Community Services District	CTSD	32,587.93	13,733.00
18	Firehouse (Mesa Park)	CTSD	23,970.28	20,596.28
19	Marin Resource Conservation District (RCD)	FP	181,272.01	54,556.52
20	Marin Conservation League	CGP	5,100.00	5,100.00
21	San Geronimo Valley Community Center	CGP	11,000.00	11,000.00
22	Marin City Community Services District	CGP	7,014.78	7,014.78
23	LIFT	CGP	38,880.00	38,880.00 ***
24	Trips for Kids	CGP	8,800.00	8,800.00
25	Bay Area Cmnty Resources/Opening the World	CGP	11,500.00	11,500.00
	<b>Total</b>		<b>\$ 1,857,766.73</b>	<b>\$ 1,082,278.03</b>

\* Amount from Marin County general ledger

\*\* CTSD - Cities, Towns and Special Districts  
FP - Farmland Preservation  
CGP - Community Grant Program

\*\*\* Selected for audit

## Objective

The Department of Finance-Internal Audit Division's (DOF-IAD) overall audit objective was to verify that the sub-recipients of the County's Measure A sales tax revenue were in compliance with their corresponding grant agreements with the County. Specific compliance audit objectives included the following:

1. Obtain an understanding of Measure A funding and disbursements to sub-recipients.
2. Verify that sub-recipients expenditures made from Measures A funds are allowable per the requirements in the Measure A Expenditure Plan.
  - a. City, Town and Applicable Special District Program (CTSD)
  - b. Community Grant Program (CGP)

3. Verify that Measure A funds are maintained in a separate special revenue fund as required by the ordinance.

## **Scope and Approach**

The sub-recipient compliance audit was conducted based on an audit plan that included assessment of Measure A funding and disbursements. In order to ascertain an understanding of the process, risks and controls of the Parks Measure A program, DOF-IAD met with the Measure A Program Coordinator and Parks Fiscal Officer. The scope of this audit included an examination and assessment of the County's disbursements to sub-recipients for the period from July 1, 2014 through June 30, 2015 (fiscal year 2015).

## **Summary of Work**

The DOF-IAD performed testing through inquiry, inspection and examination during the scope period noted above. The DOF-IAD performed its examination in accordance with Generally Accepted Government Auditing Standards and the Institute of Internal Auditors Standards for the Professional Practice of Internal Auditing. The following audit procedures were performed for Measure A funds distributed to sub-recipients for the period from July 1, 2014 through June 30, 2015:

1. Obtained and documented an understanding of the overall Measure A funding and disbursements procedures to assess adequacy of internal controls. The knowledge of the ordinance and procedures were taken into account when substantive testing was performed.
2. Verified that sub-recipient expenditures made from Measure A funds are allowable per the requirements in the Measure A Expenditure Plan.
  - a. City, Town and Applicable Special District Program (CTSD)
  - b. Community Grant Program (CGP)
3. Confirmed that Measure A funds disbursed to sub-recipients for the year-ended June 30, 2015 were maintained in a separate fund. Of the 25 sub-recipients that received funds during the fiscal year, 18 are under the City Town and Special District Program, one is under the Farmland Preservation Program and six are under Community Grant Program.

Please note that detailed audit work papers are available for review upon written request to the DOF-IAD.

## **II. FINDINGS AND RECOMMENDATIONS**

As a result of the compliance audit procedures performed, the IAD had no findings to report. We included a non-reportable observation report which has been separately submitted to the Measure A Community Oversight Committee.

## **Results of Audit Procedures**

1. We obtained and documented an understanding of the overall Measure A funding and disbursement procedures as well as obtained a high level understanding of all of the 25 individual sub-recipients controls by examining the supporting Measure A financial documents they submitted. We determined that the controls surrounding Measure A

were adequate and effective in mitigating risk of errors, omissions and possibilities of fraud. There were no exceptions found.

2. We verified that sub-recipient's expenditures were spent in accordance with the requirements in the Measure A Expenditure Plan by reviewing approved work plan, tracing expenditures to supporting invoices and payment information, and reviewing the nature of the expenditure to determine if it was in accordance with the Measure A Expenditure Plan. We judgmentally selected 6 sub-recipients with FY 2015 expenditures, which in turn provided 29% audit coverage for the measurement period under audit. There were no exceptions found. See the detailed table in the Background section for the list of sub-recipients and expenditures that were tested.
  - a. City, Town and Applicable Special District Program (CTSD)
  - b. Community Grant Program (CGP)
3. We confirmed the Measure A fund balances as of June 30, 2015 by requesting sub-recipients to complete a confirmation letter. There were no exceptions found.

## Conclusion

We have audited the sub-recipient's compliance with the specific compliance requirements described in the County's Measure A Expenditure Plan for the period from July 1, 2014 through June 30, 2015, noting no findings.

We appreciate the assistance and cooperation of each of the sub-recipients and staff of Marin County Parks during the performance of the audit. Please contact us if you have any questions or comments regarding any of the information contained in this audit report.

## III. DISTRIBUTION

Management of Marin County Parks  
Measure A Community Oversight Committee

Audit Team:

Anu Bagchi, Interim Finance Division Chief  
Margie Roberts, Audit Manager  
Henry Aung, Auditor II

Issued this 25<sup>th</sup> day of July, 2016



Roy Given, CPA  
Marin County Department of Finance Director