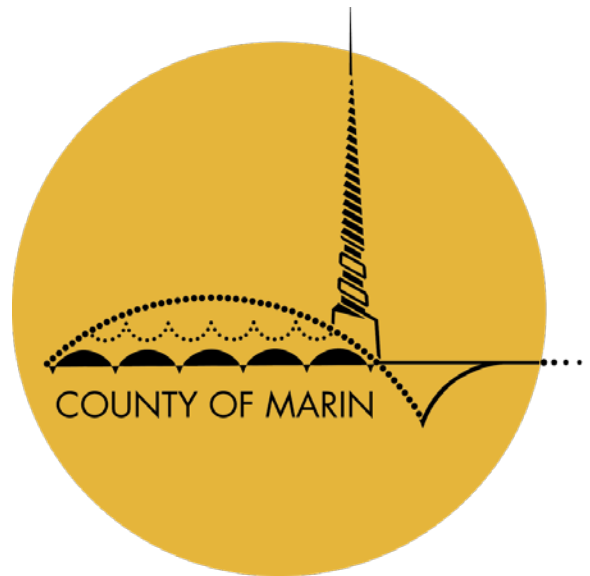


**COUNTY OF MARIN**

DEPARTMENT OF FINANCE

INTERNAL AUDIT DIVISION



Measure A Citizens Oversight Committee

Measure A Marin County Parks Sub-Recipient Compliance Audit

For the period July 1, 2019 through June 30, 2020

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**DEPARTMENT OF FINANCE - INTERNAL AUDIT DIVISION**  
**MEASURE A MARIN COUNTY PARKS SUB-RECIPIENT COMPLIANCE AUDIT**  
**FOR THE PERIOD JULY 1, 2019 THROUGH JUNE 30, 2020**

Marin County Parks Management  
Measure A Community Oversight Committee:  
Michael Dybeck  
Larry Kennings  
Carolyn Lown  
Joe Meylan  
Daniel Russell  
Mary Stompe  
Jeff Williams

**I. EXECUTIVE SUMMARY**

**Background**

Measure A was approved in 2012 by the voters of Marin County, which calls for the imposition and collection of a quarter of one percent (0.25%) sales tax for the purpose of funding the preservation and maintenance of open space, parks, and farmland. The provisions of Measure A are supported by Ordinance No. 3586, known as the Marin Parks, Open Space, and Farmland Preservation Transactions and Use Tax Ordinance, and became effective on April 1, 2013. Tax revenue is collected by the State Board of Equalization and remitted to the County each month.

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

- (1) 65% is allocated to the Marin County Parks and Open Space Program, of which:
  - 80% is used towards the protection and restoration of natural resources, repair and maintenance of existing County parks and open space preserves, and the restoration and improvement of public access.
  - 20% is used towards natural lands preservation.
- (2) 20% is allocated towards the Farmland Preservation Program
- (3) 15% is allocated to the City, Town, and Applicable Special Districts Program

A Community Oversight Committee (the Committee) was created by the Board of Supervisors (BOS) and reports to the 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 to ensure they conform to the Expenditure Plan. In accordance with the provisions of Measure A, Marin County Parks engages an external auditing firm to conduct annual compliance audits of Measure A funding as a whole. The compliance audit procedures include:

- (1) Verifying that the County deposited 100% of Measure A sales tax receipts into the County's Measure A Fund
- (2) Verifying the correct allocation of Measure A receipts to the three programs included in the Expenditure Plan
- (3) Verifying that the payments made from Measure A funds were valid and for allowable activities, as stated in the Expenditure Plan
- (4) Verifying that payroll costs charged to the Measure A Fund were appropriate and valid
- (5) Verifying that the County did not exceed the 5% administration cost limit for the Marin County Parks and Open Space program and the Farmland Preservation Program

The table below provides annual and life-to-date Measure A revenues, expenditures, and unspent funds as of each fiscal year-end from Measure A inception through the measurement period of this report June 30, 2020.

|                                    | FY13-14           | FY14-15           | FY15-16           | FY16-17           | FY17-18           | FY18-19           | FY19-20           | Life to Date Total |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Balance from Prior Year            | -                 | 10,431,018        | 17,419,701        | 20,424,587        | 21,918,661        | 17,603,403        | 15,790,531        |                    |
| Measure A Tax Revenue              | 14,457,591        | 12,779,350        | 13,312,972        | 13,177,763        | 13,344,388        | 14,673,946        | 13,766,174        | 95,512,184         |
| Interest Income                    | 6,383             | 24,317            | 39,578            | 96,050            | 176,361           | 274,103           | 238,005           | 854,797            |
| Grant Revenue                      | -                 | -                 | 31,234            | 97,144            | 170,017           | 327,222           | 269,768           | 895,385            |
| Miscellaneous Revenue              | -                 | -                 | 85,719            | 23,909            | 170,037           | 82,509            | 833,310           | 1,195,484          |
| <b>Total Revenues</b>              | <b>14,463,974</b> | <b>12,803,667</b> | <b>13,469,503</b> | <b>13,394,866</b> | <b>13,860,803</b> | <b>15,357,780</b> | <b>15,107,257</b> | <b>98,457,850</b>  |
| Salaries and Benefits              | 878,257           | 1,686,322         | 2,285,336         | 3,035,708         | 3,063,428         | 3,419,965         | 3,104,975         | 17,473,991         |
| Services and Supplies              | 571,664           | 1,370,178         | 2,625,787         | 4,727,848         | 6,012,915         | 4,251,953         | 4,206,047         | 23,766,392         |
| Admin & Financial                  | 217,416           | 336,880           | 411,960           | 435,924           | 493,645           | 555,718           | 184,920           | 2,636,463          |
| Contributions to Other Governments | 1,711,508         | 1,594,200         | 2,260,438         | 1,751,057         | 1,945,992         | 2,433,302         | 2,983,257         | 14,679,754         |
| Pass-through Grantee               | 602,486           | 263,567           | 2,136,661         | 1,950,255         | 6,660,081         | 3,373,389         | -                 | 14,986,439         |
| Capital Outlay                     | 51,625            | 230,040           | 15,443            | -                 | -                 | 38,000            | -                 | 335,108            |
| Preserve natural lands             | -                 | -                 | 605,000           | -                 | -                 | 3,098,325         | 4,390,944         | 8,094,269          |
| <b>Total Expenditures</b>          | <b>4,032,956</b>  | <b>5,481,187</b>  | <b>10,340,625</b> | <b>11,900,792</b> | <b>18,176,061</b> | <b>17,170,652</b> | <b>14,870,143</b> | <b>81,972,416</b>  |
| Transfers in/(out)                 | -                 | (107,500)         | 12,795            | -                 | -                 | -                 | -                 | (94,705)           |
| Interfund charges                  | -                 | (226,297)         | (136,787)         | -                 | -                 | -                 | -                 | (363,084)          |
| <b>Total Financing Uses</b>        | <b>-</b>          | <b>(333,797)</b>  | <b>(123,992)</b>  | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>(457,789)</b>   |
| <b>Unspent balance</b>             | <b>10,431,018</b> | <b>17,419,701</b> | <b>20,424,587</b> | <b>21,918,661</b> | <b>17,603,403</b> | <b>15,790,531</b> | <b>16,027,645</b> | <b>16,027,645</b>  |

Source: Annual Independent Auditor's Report on Compliance with Measure A Funds

## Awards to Sub-Recipients

A portion of Measure A funds are awarded to Sub-Recipients through three grant application processes:

- (1) Allocation to Cities, Towns and Special Districts Program
- (2) Farmland Preservation Program matching grants
- (3) Community Grant Programs per the approval of the Marin County Board of Supervisors

The annual awards to Sub-Recipients 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 Committee has engaged the Department of Finance Internal Audit Division to audit claims against the Expenditure Plan for the duration of the Sub-Recipient programs.

From FY 2013-14 through FY 2019-20, \$29,372,877 has been awarded to Sub-Recipients, of which \$25,624,011 has been spent by the Sub-Recipients. The table below provides the annual disbursements and corresponding Sub-Recipient expenditures.

| Sub-Recipient Awards              | FY13-14          | FY14-15                      | FY15-16                      | FY16-17          | FY17-18                | FY18-19          | FY19-20          | Total             |
|-----------------------------------|------------------|------------------------------|------------------------------|------------------|------------------------|------------------|------------------|-------------------|
| Cities, Towns & Special Districts | 1,711,508        | 1,594,200                    | 2,203,761                    | 1,751,057        | 1,939,238 <sup>1</sup> | 2,404,801        | 2,046,052        | 13,653,994        |
| Farmland Preservation             | 602,486          | 181,272                      | 2,110,886                    | 1,950,255        | 6,660,081              | 3,373,389        | 136,404          | 15,014,773        |
| Community Grant Program           | -                | 82,295                       | 74,577                       | 118,401          | 142,222                | 118,623          | 167,992          | 704,110           |
| <b>Total Awards Disbursed</b>     | <b>2,313,994</b> | <b>1,857,767</b>             | <b>4,389,224</b>             | <b>3,819,713</b> | <b>8,744,918</b>       | <b>5,896,813</b> | <b>2,350,448</b> | <b>29,372,877</b> |
| <b>Sub-Recipient Expenditures</b> | <b>560,453</b>   | <b>1,619,278<sup>2</sup></b> | <b>3,815,698<sup>2</sup></b> | <b>3,440,432</b> | <b>8,551,756</b>       | <b>5,533,243</b> | <b>2,103,151</b> | <b>25,644,011</b> |
| Selected for Audit                | 330,095          | 318,632                      | 2,525,704                    | 1,332,755        | 6,816,375              | 3,781,460        | 1,526,657        | 16,631,678        |
| Audit Coverage                    | 59%              | 20%                          | 66%                          | 39%              | 80%                    | 68%              | 73%              | 65%               |

<sup>1</sup> Net of awards subsequently returned to County by Sub-Recipient / <sup>2</sup> Net of post-close adjustments for timing differences

The table presented in APPENDIX A presents disbursements made to Sub-Recipients for the audit period July 1, 2019 through June 30, 2020.

### **Objective**

Our overall audit objective was to verify that the Sub-Recipients of the County's Measure A sales tax revenue were compliant 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 maintain their Measure A funds Sub-Recipient in a separate bank account or special revenue fund.
3. Confirm that the cash balance of Measure A funds held by Sub-Recipient at June 30, 2020 agrees to their respective life-to-date Measure A disbursements received less life-to-date Measure A expenditures incurred and reported as of June 30, 2020. Examine any fiscal year-end cash reconciliation items.
4. Verify that Sub-Recipient's expenditures spent from Measure A funds are allowable per the requirements specified in the Expenditure Plan.
  - a. City, Town, and Applicable Special District Program (CTSD)
  - b. Farmland Preservation Program (FP)
  - c. Community Grant Program (CGP)

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## **Scope and Approach**

The Sub-Recipient compliance audit was conducted based on an audit plan that included an assessment of the subrecipient's Measure A revenues and expenditures. To ascertain an understanding of the process, risks, and controls of the Parks Measure A program, we met with Marin County Parks Measure A Program Coordinator and Fiscal Officer. The scope of this audit included an examination and assessment of the Sub-Recipient's compliance to the Measure A expenditures for the period July 1, 2019 through June 30, 2020.

## **Summary of Work**

We performed testing through inquiry, inspection and examination during the scope period noted above, and performed our 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, 2019 through June 30, 2020:

1. To assess the adequacy of internal controls, we obtained and documented an understanding of the overall Measure A funding and disbursement procedures. On a sample selection basis, we obtained a high-level understanding of the internal control structure maintained by the Sub-Recipient through our examination of their respective Measure A Work Plan and corresponding expenditure reports for the scope period. This assessment helped inform the framework and scope of our substantive audit procedures.
2. We verified that Sub-Recipients maintained their Measure A funds in either a separate bank account or special revenue fund, by obtaining and reviewing copies of their general ledger as of June 30, 2020.
3. We confirmed that Sub-Recipient's cash balance of Measure A funds at June 30, 2020 agreed to their total Measure A life-to-date disbursements received less their life-to-date Measure A expenditures spent and reported as of June 30, 2020. In instances where there were cash reconciliation items as of June 30, 2020, we reviewed for reasonableness and reconciled to corresponding supporting documentation for completeness and accuracy.
4. On a sample selection basis, we verified that Measure A expenditures incurred and reported by Sub-Recipients were spent in accordance with the requirements stipulated within the Expenditure Plan. We traced Sub-Recipient expenditures to supporting invoices and payment details and reviewed the nature of each expenditure to determine if it was allowable and in accordance with the Expenditure Plan. Sub-Recipient

Sub-Recipient Detailed audit work papers are available for review upon written request to the DOF-IAD.

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## II. FINDINGS AND RECOMMENDATIONS

Based on the compliance procedures performed, no findings were noted.

### Results of Audit Procedures

1. Based on the procedure performed, we determined that the internal controls surrounding Measure A were adequate and effective in mitigating risk of errors, omissions and possibilities of fraud. No exceptions were noted.
2. Based on the procedure performed, no exceptions were noted.
3. Based on the procedure performed, no exceptions were noted.
4. We judgmentally selected 19 Sub-Recipients who reported Measure A funds spent from July 1, 2019 through June 30, 2020. Our sample selection provided 73% audit coverage for the measurement period. Based on the procedures performed, no exceptions were noted. Refer to APPENDIX A for a list of all Measure A Sub-Recipients and the FY 2019-20 expenditures that were selected for testing.

### Conclusion

We have audited the Sub-Recipient's compliance to the specific requirements described in the Measure A Expenditure Plan for the period from July 1, 2019 through June 30, 2020, 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

Marin County Parks Management  
Measure A Community Oversight Committee

Audit Team:

Margie Roberts, Audit Manager  
Michelle Babb, Auditor II

Issued this 2<sup>nd</sup> day of February 2022



Roy Given, CPA  
Director of Finance

## APPENDIX A

| #            | Sub-Recipient Name                | Measure A Program Area* | Amount Disbursed to Sub-Recipient** | Amount Spent by Sub-Recipient |   |
|--------------|-----------------------------------|-------------------------|-------------------------------------|-------------------------------|---|
| 1            | City of Belvedere                 | CTSD                    | 16,802.95                           | (39,124.00)                   |   |
| 2            | Town of Corte Madera              | CTSD                    | 75,073.57                           | (116,390.20)                  | A |
| 3            | Town of Fairfax                   | CTSD                    | 60,405.22                           | (25,293.00)                   |   |
| 4            | City of Larkspur                  | CTSD                    | 96,830.40                           | (17,108.42)                   |   |
| 5            | City of Mill Valley               | CTSD                    | 113,955.55                          | (316,453.65)                  | A |
| 6            | City of Novato                    | CTSD                    | 423,327.90                          | (520,530.00)                  | A |
| 7            | Town of Ross                      | CTSD                    | 19,702.78                           | (20,184.35)                   | A |
| 8            | Town of San Anselmo               | CTSD                    | 100,132.99                          | -                             |   |
| 9            | City of San Rafael                | CTSD                    | 468,662.03                          | (299,590.00)                  | A |
| 10           | City of Sausalito                 | CTSD                    | 57,320.12                           | -                             |   |
| 11           | Town of Tiburon                   | CTSD                    | 72,745.63                           | (86,626.53)                   |   |
| 12           | Bel Marin Keys Community Services | CTSD                    | 58,674.39                           | (57,831.27)                   |   |
| 13           | Marin City Community Services     | CTSD                    | 67,283.62                           | (34,587.24)                   |   |
| 14           | Marinwood Community Services      | CTSD                    | 88,049.72                           | (25,923.67)                   |   |
| 15           | Muir Beach Community Services     | CTSD                    | 37,151.32                           | (38,059.37)                   | A |
| 16           | Strawberry Recreation District    | CTSD                    | 90,309.36                           | (47,457.28)                   | A |
| 17           | Tamalpais Community Services      | CTSD                    | 111,312.72                          | (56,306.39)                   |   |
| 18           | Tomales Community Services        | CTSD                    | 36,190.97                           | (122,666.48)                  |   |
| 19           | Firehouse Community Park Agency   | CTSD                    | 52,121.44                           | (28,783.93)                   |   |
| 20           | Marin Resource Conservation       | FP                      | 136,404                             | (82,243.18)                   |   |
| 21           | San Geronimo Valley Comm Ctr      | CGP                     | 30,000.00                           | (30,000.00)                   | A |
| 22           | Marin City Community Resource     | CGP                     | 15,125.00                           | (15,125.00)                   | A |
| 23           | Bay Area Community Resource       | CGP                     | 15,468.75                           | (15,468.75)                   | A |
| 24           | Marin Link                        | CGP                     | 15,000.00                           | (15,000.00)                   | A |
| 25           | North Marin Community Services    | CGP                     | 21,500.00                           | (21,500.00)                   | A |
| 26           | Marin Community Clinics           | CGP                     | 14,573.00                           | (14,573.00)                   | A |
| 27           | West Marin Community services     | CGP                     | 10,000.00                           | (10,000.00)                   | A |
| 28           | Environmental Action Committee of | CGP                     | 8,000.00                            | (8,000.00)                    | A |
| 29           | LITA-Love is the answer           | CGP                     | 5,125.00                            | (5,125.00)                    | A |
| 30           | Golden Gate National Parks        | CGP                     | 5,200.00                            | (5,200.00)                    | A |
| 31           | Healthy Cooking with Kids INC     | CGP                     | 20,000.00                           | (20,000.00)                   | A |
| 32           | Marin Museum Society              | CGP                     | 8,000.00                            | (8,000.00)                    | A |
| <b>TOTAL</b> |                                   |                         | <b>\$2,350,448.43</b>               | <b>(\$2,103,150.71)</b>       |   |

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

\*\*Agrees to County General Ledger for FY 2019-20  
 A Selected for audit \$1,526,656.60, 73%