

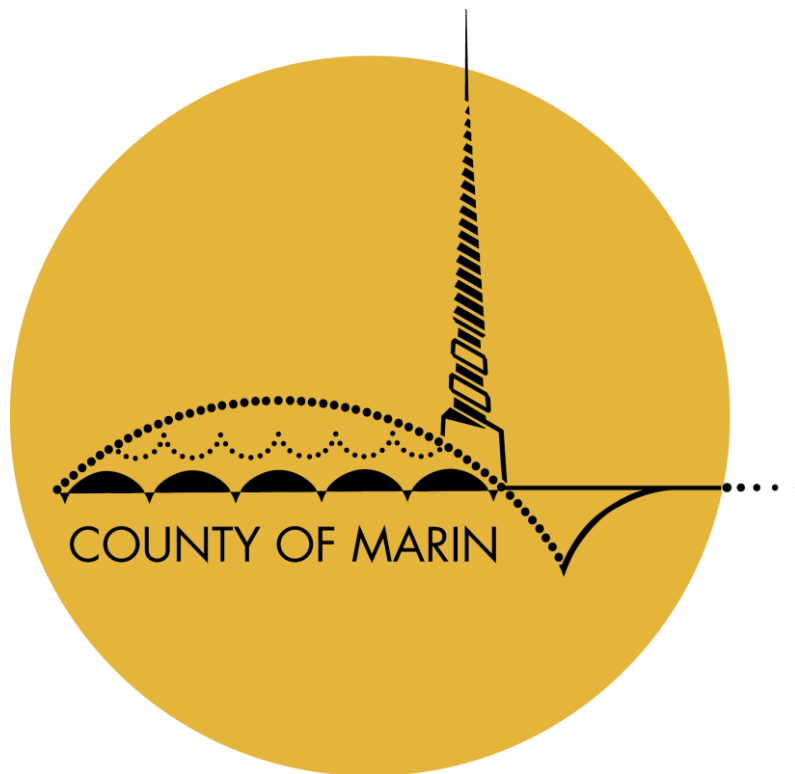
COUNTY OF MARIN, CALIFORNIA

DEPARTMENT OF FINANCE

INTERNAL AUDIT DIVISION

MARIN COUNTY PARKS MEASURE A SUB-RECIPIENT COMPLIANCE AUDIT

FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018



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, 2017 THROUGH JUNE 30, 2018¹

Management of Marin County Parks

Measure A Community Oversight Committee

Robert Berner²
Michael Dybeck
Larry Kennings
Joe Meylan
Daniel Russell
Mary Stompe
Jeff Williams

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 sales 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, known as the Marin Parks, Open Space, and Farmland Preservation Transactions and Use Tax Ordinance, and 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.

Measure A includes an Expenditure 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, repair and maintenance of existing County parks and open space preserves, restoration and improvement of 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

¹ Note that the sub-recipients' audits are based on the 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.

² 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 receives a report-out during public meetings of the Measure A Community Oversight Committee on the expenditure of Farmland Preservation Program funding.

- 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 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 and 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 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 Measure A funds were appropriate and valid; and
- (5) Verifying that the County did not exceed the 5% administration cost limit for Parks and Open Space program and Farmland Preservation Program.

From July 1, 2017 through June 30, 2018, the County collected \$13,344,388 in Measure A sales tax revenue, earned \$176,361 in County pool interest, received \$170,017 from grant reimbursements and \$170,037 from other miscellaneous funding sources, for a total of \$13,860,803 Measure A funds. This was offset by \$18,176,061 in expenditures.

Measure A funds have been made available to sub-recipients through three grant application processes, as follows:

- (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 to sub-recipients for the period from July 1, 2017 through June 30, 2018 were as follows:

| | |
|--|---------------------------|
| • Farmland Preservation: | \$6,660,081 |
| • Cities/Towns/Special Districts: | \$1,945,992 |
| • Community Grant Program: | <u>\$142,222</u> |
| Total Sub-recipient Disbursements | <u>\$8,748,295</u> |

| | Sub-Recipient | Program** | Total Marin County disbursement July 1, 2017-June 30, 2018* | Amount Spent by Sub-recipients July 1, 2017-June 30, 2018 |
|----|--|-----------|--|--|
| 1 | City of Belvedere | CTSD | 24,281.34 | - |
| 2 | Town of Corte Madera | CTSD | 108,486.11 | (41,568.50) |
| 3 | Town of Fairfax | CTSD | 59,156.55 | (30,000.00) |
| 4 | City of Larkspur | CTSD | 91,451.72 | (12,239.21) |
| 5 | City of Mill Valley | CTSD | 109,214.47 | - |
| 6 | City of Novato | CTSD | 208,556.62 | (492,063.91) |
| 7 | Town of Ross | CTSD | 9,706.77 | (22,163.97) |
| 8 | Town of San Anselmo | CTSD | 98,063.09 | (70,005.00) |
| 9 | City of San Rafael | CTSD | 458,974.08 | (415,247.55) |
| 10 | City of Sausalito | CTSD | 54,935.33 | (38,855.00) |
| 11 | Town of Tiburon | CTSD | 71,241.88 | (73,000.00) |
| 12 | Bel Marin Keys Community Services District | CTSD | 57,461.50 | (72,691.00) *** |
| 13 | Marin City Community Services District | CTSD | 97,229.14 | (133,041.02) *** |
| 14 | Marinwood Community Services District | CTSD | 86,229.59 | (21,351.53) *** |
| 15 | Muir Beach Community Services District | CTSD | 36,383.34 | (35,605.65) |
| 16 | Strawberry Recreation District | CTSD | 130,502.81 | (235,289.70) |
| 17 | Tamalpais Community Services District | CTSD | 109,011.72 | (46,455.52) *** |
| 18 | Tomales Community Services District | CTSD | 35,442.84 | (2,403.34) |
| 19 | Firehouse Community Park Agency AKA Mesa Park | CTSD | 99,663.15 | (74,297.28) *** |
| 20 | Marin Resource Conservation District | FP | 133,583.84 | (66,758.19) |
| 21 | Marin Agricultural Land trust | FP | 6,526,497.21 | (6,526,497.21) *** |
| 22 | San Geronimo Valley Community Center | CGP | 19,134.00 | (19,134.00) *** |
| 23 | Marin City Community Services District | CGP | 22,975.00 | (22,975.00) *** |
| 24 | Trips for Kids | CGP | 8,000.00 | (8,000.00) |
| 25 | Bay Area Community Resources | CGP | 19,973.02 | (19,973.02) *** |
| 26 | Community Action Marin | CGP | 13,000.00 | (13,000.00) *** |
| 27 | North Marin Community Services | CGP | 10,500.00 | (10,500.00) |
| 28 | Marin Community Clinics | CGP | 20,000.00 | (20,000.00) |
| 29 | West Marin Community Services | CGP | 10,000.00 | (10,000.00) |
| 30 | Davis, Lori | CGP | 3,919.90 | (3,919.90) |
| 31 | Clark, Bridget | CGP | 6,720.00 | (6,720.00) |
| 32 | West Marin Environmental Action Committee | CGP | 8,000.00 | (8,000.00) |
| | Total | | \$8,748,295.02 | \$ (8,551,755.50) |

* Agrees to County General Ledger for FY2017-18

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

*** Selected for audit

Objective

Our 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-recipient's expenditures made from Measure A funds are allowable per the requirements specified in the Measure A Expenditure Plan.
 - a. City, Town and Applicable Special District Program (CTSD)
 - b. Farmland Preservation Program (FP)
 - c. Community Grant Program (CGP)
3. Verify that Measure A funds are maintained by sub-recipients in a separate general ledger or special revenue fund.

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. In order 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, 2017 through June 30, 2018 (Fiscal Year 2018).

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, 2017 through June 30, 2018:

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 considered when substantive testing was performed.
2. Verified that sub-recipient expenditures made from Measure A funds are allowable per the approved Measure A Expenditure Plan, over the following programs:
 - a. City, Town and Applicable Special District Program (CTSD)
 - b. Farmland Preservation Program (FP)
 - c. Community Grant Program (CGP)
3. Confirmed that Measure A funds received by sub-recipients for the year-ended June 30, 2018 were maintained in a separate general ledger or special revenue fund. Of the 32 sub-recipients that received funds during the fiscal year, 19 are under the City, Town, and Special District Program, 2 are under the Farmland Preservation Program and 11 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

Based on the compliance procedures performed, no findings were noted. We compiled a Non-Reportable Observation Report, which has been separately submitted to the Measure A Community Oversight Committee. The Non-reportable Observation Report is for informational purposes only, and as such, has no impact on the sub-recipient's compliance on Measure A expenditures.

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 selected for audit sub-recipients' internal controls by examining the supporting Measure A work plan and expenditure reports 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 Expenditure Plan by reviewing approved work plan, tracing expenditures to supporting invoices and payment information, and reviewing the nature of each expenditure to determine if it was in accordance with the Expenditure Plan. WeWe judgmentally selected 9 sub-recipients with FY 2018 expenditures, which in turn provided 80% 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.
3. We confirmed the Measure A fund balances as of June 30, 2018 by requesting sub-recipients to complete a confirmation letter, showing the beginning balance from prior year, plus current year's revenues and current year's expenditures, as well as a obtaining a copy of their general ledger. 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, 2017 through June 30, 2018, 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:

Margie Roberts, Audit Manager
Henry Aung, Auditor II

Issued this 28th day of January 2020



Roy Given, CPA
Director of Finance