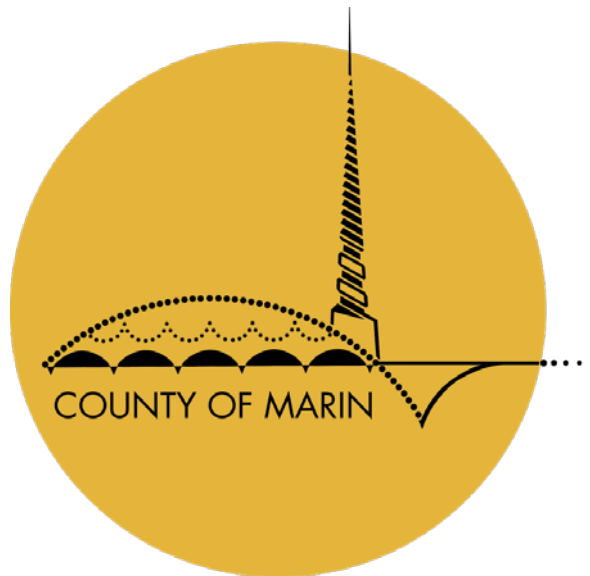


COUNTY OF MARIN
DEPARTMENT OF FINANCE
INTERNAL AUDIT DIVISION



Measure A - Marin Parks, Open Space and Sustainable Agriculture Sales Tax
Grant Compliance Audit
For the Fiscal Year Ended June 30, 2023

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DEPARTMENT OF FINANCE - INTERNAL AUDIT DIVISION
**MEASURE A - MARIN PARKS, OPEN SPACE AND SUSTAINABLE AGRICULTURE SALES TAX SUB-
RECIPIENT COMPLIANCE AUDIT**
FOR THE AUDIT PERIOD JULY 1, 2022 THROUGH JUNE 30, 2023

Marin County Parks Management
Measure A Community Oversight Committee:
Pamela Tom
Andrew Ward
Robert Steinberg
Michael Dyett
Thomas Lamar
Jonathan Kathrein
Pat O'Brien

I. EXECUTIVE SUMMARY

Background

In June of 2022, Marin County voters approved the re-implementation of Measure A, an existing one-fourth cent (0.25%) sales tax that funds the preservation of Marin County parks, open space preserves, and farmland ("Measure A"). Provisions of Measure A are supported by Ordinance No. 3760, known as the "Marin Parks, Open Space, and Farmland Preservation Transactions and Use Tax Ordinance," which became operative on October 1, 2022 and supersedes the previous Ordinance No. 3586 that was effective from April 1, 2013 to April 1, 2022. All unspent funds from Ordinance 3586 are governed by Ordinance 3760.

Measure A is estimated to generate \$16 million per year, and can only be used for the projects and purposes set forth in an Expenditure Plan contained within Ordinance No. 3760, which outlines three Measure A programs with corresponding allocation factors, summarized as follows:

1) Parks and Open Space Program (65%)

The purpose of this Program is to protect or restore natural resources, maintain existing county parks and open space preserves, and preserve natural lands. This Program is further allocated as follows:

- 65% - Maintain County parks and preserves for preservation and recreation.
- 25% - Reduce wildfire risk.
- 10% - Award grants to help support acquisition of lands with high natural resource value.

2) Sustainable Agriculture Program (20%)

The purpose of this Program is to support and enhance ecosystem services, climate resiliency, and the

protection, restoration, and sustainability of Marin County agricultural working lands and food systems. This Program is further allocated as follows:

- 50% - Support conservation easements to permanently protect working farms and ranches.
- 30% - Award competitive matching grants to support sustainable food systems in Marin communities.
- 20% - Provide matching grants to support Marin Resource Conservation District programs.

3) City, Town, and Applicable Special District Program (15%)

The purpose of this Program is to assist Marin's municipalities and applicable special districts in managing their parks, open space preserves, recreation programs, and vegetation to promote biodiversity and reduce wildfire risks.

4) Administrative Expenses (not to exceed 5%)

No more than 5% of the Parks and Open Space Program's annual amount may be used for administrative expenses by the County. No more than 5% of the Sustainable Agriculture Program's annual amount may be used for administrative expenses by the County.

Governance Structure

The Community Oversight Committee (Oversight Committee) formed by the Marin County Board of Supervisors (Board of Supervisors) within 6 months following the passage of Ordinance No. 3586 in 2012 shall be continued. Members of the Oversight Committee are appointed by the Marin County Board of Supervisors and reports to the Director and General Manager of Marin County Parks.

Members of the Oversight Committee must be residents of the County and cannot be elected officials of any government, nor employees from any agency or organization that either oversees the benefits from the proceeds of Measure A sales tax. The Oversight Committee shall consist of seven at-large members, and will continue to operate under existing bylaws approved by the Board of Supervisors related to the conduct of committee meetings and business, which may be updated by the Board of Supervisors. The Oversight Committee shall dissolve after all revenue collected from Measure A is expended and a final report is submitted.

The responsibilities of the Oversight Committee shall be to 1) continue to review Measure A expenditures on an annual basis to ensure they conform with the Expenditure Plan, 2) oversee an annual audit, and 3) prepare an annual report describing how funds were spent.

Administrative Oversight

The County of Marin is charged with the fiduciary duty to administer sales tax proceeds in accordance with applicable laws. The Marin County Parks and Open Space Commission shall conduct a public meeting annually to gain public input on selection of projects to expend Measure A sales tax revenue, as part of the County's annual budget development process. The sales tax receipts generated through Measure A is collected by the California Department of Tax and Fee Administration, which in turn is remitted to the County on a monthly basis and deposited into a special revenue fund exclusive to Measure A transactions (Measure A Fund).

The County may accumulate revenue over multiple years so that sufficient funding is available for larger and long-term projects. All interest income shall be used for the purpose identified in the Expenditure Plan and shall accrue proportionately to the programs identified in the Expenditure Plan.

Ten years after the termination date of the sales tax re-implementation, unused funds and accrued interest from the Sustainable Agriculture Program and the City, Town, and Applicable Special District Program shall be available for any purpose consistent with the Expenditure Plan, subject to approval by the Board of Supervisors.

Compliance Oversight

It is the responsibility of the Oversight Committee to annually review Measure A expenditures to ensure they conform to the Expenditure Plan, and to oversee an annual audit and prepare an annual report describing how funds were spent. The annual audits are conducted through a two-fold process, described below:

1. An external public accounting firm is engaged to conduct a compliance audit over Measure A funding overall, and in turn produces an annual *Independent Auditor’s Report on Compliance with Measure A Funds and Schedule of Revenues and Expenditures*. We note that this compliance audit includes, but is not limited to, the following audit procedures:
 - Verify County deposited 100% of Measure A sales tax receipts into the County’s Measure A Fund.
 - Verify proper allocation of Measure A receipts in accordance with the Expenditure Plan.
 - Verify disbursements made from Measure A funds were valid and properly supported, and that the nature of such disbursements (expenditures) were for allowable activities and purposes prescribed by the Expenditure Plan.
 - Verify payroll costs charged to the Measure A Fund were appropriate and valid.
 - Verify the County did not exceed the 5% administration cost limit for the Marin County Parks and Open Space program and the Sustainable Agriculture Program.

2. The Department of Finance Internal Audit division is engaged to conduct a compliance audit over disbursement of Measure A funds as grants. The following program areas of the Measure A Expenditure Plan constitute the full scope of the Measure A grant programs, whereby external agencies (Grantees) are awarded Measure A proceeds to fulfill specific projects and purpose stipulated by underlying grant agreements.

| # | Measure A Program Area | Allocation Percentage | Grant Purpose |
|---|--|-----------------------|---|
| 1 | Parks and Open Space (65%) | | Community Grant Program (CGP) |
| 2 | Sustainable Agriculture (20%) | 50% | Land and conservation easement acquisitions |
| 3 | Sustainable Agriculture (20%) | 20% | Marin Resource Conservation District programs |
| 4 | City, Town, and Applicable Special Districts (15%) | 100% | Parks, open space, and recreation facilities |

Disbursement of funds as grants shall be subject to terms and conditions that may include, but are not limited to, the County’s right to 1) require Grantees to enter into funding agreements with the County; 2) require matching funds; and 3) audit a Grantee’s use of tax proceeds for compliance. Per the provisions of Ordinance No. 3760, the annual amount of grant funds disbursed 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 Measure A.

II. SUMMARY OF WORK

Audit Scope, Objective, and Approach

The scope of this compliance audit covers Fiscal Year 2022-23, which spans July 1, 2022 through June 30, 2023. Our audit objective is to verify that Grantees of Measure were compliant with provisions contained in their corresponding grant agreement with the County and that the nature of expenditure claims made by the Grantee are in compliance with the Expenditure Plan.

This compliance audit was conducted based on an audit plan that included an assessment of the Measure A grants awarded, and the corresponding funds spent by the Grantee, during the scope period. The Department of Finance Internal Audit Division performed its compliance testing through inquiry, observation, inspection, recalculation and re-performance. To obtain an understanding of the processes, risks, and controls of the Measure A program, the audit team met with Marin County Parks fiscal staff and the Measure A Lead Program Coordinator. Per our review of the County's general ledger as of June 30, 2023, we note the following life-to-date Measure A Sales Tax Revenues and corresponding grants awarded to Grantees:

| Fiscal Year | Measure A Sales Tax Revenue | Grants Awarded to Sub-Recipients |
|-------------|--------------------------------|-------------------------------------|
| FY 2013-14 | \$ 14,457,591 | \$ 2,313,994 |
| FY 2014-15 | 12,779,350 | 1,857,767 |
| FY 2015-16 | 13,312,972 | 4,389,224 |
| FY 2016-17 | 13,177,763 | 3,819,713 |
| FY 2017-18 | 13,344,388 | 8,748,295 |
| FY 2018-19 | 14,673,946 | 5,896,813 |
| FY 2019-20 | 13,766,174 | 2,350,448 |
| FY 2020-21 | 15,547,563 | 2,465,338 |
| FY 2021-22 | 13,219,549 | 2,652,341 |
| FY 2022-23 | 13,105,240 | 5,209,683 |
| TOTAL \$ | <u>137,384,536</u> | <u>\$ 39,703,616</u> |

Audit Procedures Performed

Our audit procedures, as detailed below, were conducted in accordance with Generally Accepted Government Auditing Standards and the Institute of Internal Auditors Standards for the Professional Practice of Internal Auditing. Detailed work papers can be made available for review upon written request.

1. To assess the adequacy of internal controls, we obtained and documented an understanding of the overall Measure A funding and disbursement process. On a sample selection basis, we performed an assessment of the internal control structure maintained by the Grantee 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. 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. We verified that Grantees 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, 2023. Based on the procedures performed, no exceptions were noted.
3. We confirmed that the Grantees' cash balance of Measure A funds at June 30, 2023 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, 2023. In instances where there were cash reconciliation items as of June 30, 2023, we reviewed for reasonableness and reconciled to corresponding supporting documentation for completeness and accuracy. Based on the procedures performed, no exceptions were noted.

-
4. On a sample selection basis, we verified that Measure A expenditures incurred and reported by Grantees were spent in accordance with the requirements stipulated within the Expenditure Plan. We traced Grantee 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. We judgmentally selected 14 Grantees who reported Measure A funds spent from July 1, 2022 through June 30, 2023. Our sample selection provided 69% 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 Grantees and the FY 2022-23 expenditures selected for testing.

III. FINDINGS AND RECOMMENDATIONS

Results of Audit Procedures

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

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, 2022 through June 30, 2023, noting no findings.

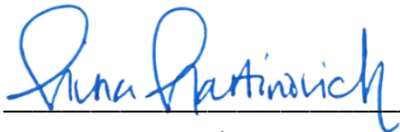
We appreciate the assistance and cooperation of each of the Sub-Recipients and staff of Marin County Parks during the performance of the audit. Please contact us if you have any questions or comments regarding any of the information contained in this audit report.

IV. DISTRIBUTION

Marin County Parks Management
Measure A Community Oversight Committee

Audit Team:
Michelle Camacho, Audit Manager
Long Truong, Auditor I

Issued this 1st day of February 2024



Mina Martinovich
Director of Finance

APPENDIX A

| # | Grantee Name | Measure A Program | Amount Awarded to Grantee** | Amount Spent by Grantee | |
|--------------|--|-------------------|-----------------------------|-------------------------|---|
| 1 | City of Belvedere | City/Town/SD | 11,935.45 | - | |
| 2 | Town of Corte Madera | City/Town/SD | 53,326.20 | - | |
| 3 | Town of Fairfax | City/Town/SD | 42,907.00 | (29,756.54) | |
| 4 | City of Larkspur | City/Town/SD | 68,780.50 | (146,339.68) | A |
| 5 | City of Mill Valley | City/Town/SD | 80,944.83 | (24,984.00) | |
| 6 | City of Novato | City/Town/SD | 300,697.98 | (361,920.48) | |
| 7 | Town of Ross | City/Town/SD | 13,995.26 | (12,917.48) | |
| 8 | Town of San Anselmo | City/Town/SD | 71,126.39 | (606,914.41) | A |
| 9 | City of San Rafael | City/Town/SD | 332,899.69 | (898,363.81) | |
| 10 | City of Sausalito | City/Town/SD | 40,715.58 | - | |
| 11 | Town of Tiburon | City/Town/SD | 51,672.63 | (21,352.04) | |
| 12 | Bel Marin Keys CSD | City/Town/SD | 35,267.21 | (12,281.13) | A |
| 13 | Marin City CSD | City/Town/SD | 45,749.72 | (15,076.32) | |
| 14 | Marinwood CSD | City/Town/SD | 69,574.26 | (106,669.21) | A |
| 15 | Muir Beach CSD | City/Town/SD | 26,134.23 | (8,701.55) | |
| 16 | Strawberry Recreation District | City/Town/SD | 63,650.94 | (176,872.01) | |
| 17 | Tamalpais CSD | City/Town/SD | 82,274.35 | (97,121.88) | A |
| 18 | Tomales CSD | City/Town/SD | 25,280.74 | (32,589.61) | |
| 19 | Firehouse Community Park Agency | City/Town/SD | 34,734.70 | (29,531.01) | |
| 20 | Marin Resource Conservation District | Sust. Ag | 377,399.34 | (153,579.04) | |
| 21 | Marin Agricultural Land Trust | Sust. Ag | 3,182,600.00 | (3,182,600.00) | A |
| 22 | San Geronimo Valley Community Center | CGP | 8,000.00 | (8,000.00) | |
| 23 | Trips for Kids Marin | CGP | 8,000.00 | (8,000.00) | |
| 24 | Bay Area Community Resources (BACR) | CGP | 8,000.00 | (8,000.00) | |
| 25 | Conservation Corps North Bay Inc | CGP | 7,576.00 | (7,576.00) | |
| 26 | North Marin Community Services | CGP | 8,000.00 | (8,000.00) | |
| 27 | Marin Community Clinics | CGP | 8,000.00 | (8,000.00) | |
| 28 | West Marin Community Services | CGP | 8,000.00 | (8,000.00) | |
| 29 | Environmental Action Committee of West Marin | CGP | 8,000.00 | (8,000.00) | |
| 30 | LITA-Love is the answer | CGP | 8,000.00 | (8,000.00) | |
| 31 | City of Sausalito | CGP | 7,990.00 | (7,990.00) | |
| 32 | First Missionary Baptist Church | CGP | 8,000.00 | (8,000.00) | |
| 33 | Spahr Center | CGP | 8,000.00 | (8,000.00) | |
| 34 | The Multicultural Center of Marin Inc | CGP | 22,900.00 | (22,900.00) | |
| 35 | Vivalon | CGP | 8,000.00 | (8,000.00) | |
| 36 | Youth Transforming Justice | CGP | 8,000.00 | (8,000.00) | |
| 37 | Intersection for the Arts | CGP | 8,000.00 | (8,000.00) | |
| 38 | Bolinas Stinson Young Stewards of the land | CGP | 5,400.00 | (5,400.00) | A |
| 39 | Alcohol Justice | CGP | 8,000.00 | (8,000.00) | A |
| 40 | Young Men's Christian Association of San Francisco | CGP | 8,000.00 | (8,000.00) | A |
| 41 | Youth Leadership Institute | CGP | 3,825.00 | (3,825.00) | A |
| 42 | Girl Scouts of Northern California | CGP | 6,325.00 | (6,325.00) | A |
| 43 | Bridge the Gap College Prep | CGP | 8,000.00 | (8,000.00) | A |
| 44 | City of San Rafael | CGP | 8,000.00 | (8,000.00) | A |
| 45 | Marin County Bicycle Coalition | CGP | 8,000.00 | (8,000.00) | A |
| TOTAL | | | \$5,209,683.00 | (\$6,115,586.20) | |