



**DATE:** January 27, 2020

**TO:** Transportation Authority of Marin Citizens' Oversight Committee

**FROM:** Li Zhang, Deputy Executive Director/Chief Financial Officer

**SUBJECT:** Review and Acceptance of the 2019 Measure A Compliance Audit Results (Action) - Agenda Item No.6

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**RECOMMENDATION:**

The Citizens' Oversight Committee (COC) reviews the 2019 Measure A compliance audit results and refers it to the TAM Board for acceptance.

**BACKGROUND:**

As specified in the Measure A ½-Cent Transportation Sales Tax Expenditure Plan, TAM has the fiduciary responsibility to the voters of Marin to ensure that all Measure A funds are spent in accordance with the expenditure plan. An independent compliance audit is also explicitly permitted under the terms and conditions of TAM's funding agreements/contracts with all Measure A funding recipients. TAM is required to work with the COC to employ an independent auditor to conduct compliance audits of all sales tax expenditures. The COC has the authority to request and review specific information, comment on the auditor's reports and report the audit results to the voters in Marin. The COC played a critical role in the development of the original Measure A Compliance Audit Policy adopted by the TAM Board in October 2010. The implementation of the Policy started with the FY2011-12 and prior Measure A funding activities.

The Measure AA ½-Cent Transportation Sales Tax Expenditure Plan, renewal of Measure A, maintains the same compliance audit requirement for maximum transparency, oversight and accountability. While the 2019 Compliance Audit Cycle covers only Measure A expenditures, except for a small share of Marin Transit's expenditures, the usage of Measure AA funds is expected to increase for various projects and programs in the 2020 Compliance Audit Cycle. Due to the critical role the COC has in this matter, staff will bring recommended changes to the Policy to incorporate all Measure AA Categories to the COC for review at its next meeting, with the plan to recommend the changes to the TAM Board for approval prior to the start of the 2020 Compliance Audit Cycle.

The TAM Board approved the five Measure A ½-Cent Transportation Sales Tax fund recipients that were selected for the 2019 Compliance Audit Cycle at its June 27, 2019 meeting, as shown in Table 1: Measure A Fund Recipients Selected for the 2019 Compliance Audit Cycle. This audit cycle, the ninth, covers Measure A revenue and expenditure activities which occurred in or prior to FY2018-19.

**Table 1: Measure A Fund Recipients Selected for the 2019 Compliance Audit Cycle**

No.	Fund Recipient	Measure A Funding Strategy
<b>Interest Revenue Funding Usage</b>		
1	City of San Rafael	Usage of Multi-Use Path Maintenance Funds
2	County of Marin	Usage of Multi-Use Path Maintenance Funds
<b>Strategy 1 Local Bus Transit System</b>		
3	Marin Transit	Local Transit, for all Measure A funds received for its FY2018-19 transit operation and capital needs
<b>Strategy 2 Highway 101 Gap Closure</b>		
	None	
<b>Strategy 3 Local Transportation Infrastructure</b>		
4	City of Sausalito	Strategy 3.2, Local Roads, for its usage of the FY2018-19 or prior Measure A Local Roads funds
<b>Strategy 4 School Related Congestion and Safer Access to Schools</b>		
5	Town of Fairfax	Strategy 4.3, Safe Pathways to School, Large Capital Project, for Measure A funds received for Fairfax Bike Spine Gap Completion Project

## DISCUSSION/ANALYSIS:

### **Measure A Compliance Audit Process:**

The annual Measure A Compliance Audit Workshop was conducted on August 30, 2019. Staff, along with the audit team from Moss, Levy & Hartzheim LLP (MLH), reviewed the requirements of the Measure A Expenditure Plan, the Measure A Compliance Audit Policy, and the funding agreements/contracts, along with the audit process and timeline. Representatives from several fund recipients attended the workshop and provided staff with valuable questions and feedback.

The audit team, along with TAM staff, started the initial audit work with the fund recipients selected in September 2019, and field visits were scheduled for the last week of October 2019. However, due to the massive PG&E power shutdown in Marin during the week of October 28, 2019, all field visits were cancelled. Because of the fully booked schedule of the audit team and staff resource limitation of some of the fund recipients during the holiday months, this unforeseen event had a major impact on the audit's schedule. With extra support provided by TAM staff, the audit team was able to present the draft audit results to TAM for review during the first week of January 2020.

Staff is very pleased to report that there are no non-compliance findings in the 2019 Compliance Audit Cycle with the exception of one observation which was fully acknowledged and addressed by the respective fund recipient.

### **Measure A Compliance Audit Results by Fund Recipients:**

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

Compliance audit results for the 5 fund recipients selected for this round of audit effort are presented below for your review.

**Interest Revenue: City of San Rafael - Multi-Use Path Maintenance for Puerto Suello Hill Pathway**

**Measure A Expenditure Audited:**

The compliance audit for the City of San Rafael covers all Measure A expenditures which occurred in FY2018-19 for the maintenance costs of the Puerto Suello Hill Multi-Use Pathway.

<b>Measure A Allocation</b>					
	Period Audited	Agreement Number	Measure A Strategy	Agreement Date	Available Amount*
	FY2018-19	A-2015-017	Interest Fund	7/8/2016	\$22,461
<b>Measure A Expenditures</b>					
	Project Audited		Measure A Strategy		Amount
	Multi-Use Path Maintenance for Puerto Suello Hill Pathway		Interest Fund		\$44,922
<b>Total Measure A Reimbursement*</b>					<b>\$22,461</b>

\* Available Amount and Total Measure A Reimbursement amounts are 50% of the Measure A Expenditures.

**Result:**

The results of the auditor's procedures disclosed no instances of noncompliance with the Measure A Expenditure Plan and the funding agreement between City of San Rafael and TAM. However, the following observation is reported.

**Observation – General ledger detail for Measure A expenditures were not reconciled:**

During the review of the segregated general ledger for Measure A revenue and expenditures, it was noted that the accounting detail for Measure A funds did not reconcile with the supporting documentation submitted to TAM for reimbursement. The audit team and TAM staff confirmed that the supporting documentation did provide the correct maintenance and utility costs for the correct locations dictated in the funding agreement. However, in the general ledger, not all of the submitted costs were posted to the correct accounts that were set aside for Measure A funds.

**Effect:**

Without all expenditures associate with Measure A funds being posted to the appropriate account that was set aside for Measure A, it's difficult to identify Measure A expenditures based on the accounting records alone.

**Recommendation:**

The audit team recommends that the City ensure all expenditures associated with Measure A funds be posted to the correct general ledger accounts.

**Questioned Cost:**

None noted.

**Follow-up Meeting and/or Action:**

TAM staff reviewed the observation with the City staff. City staff agrees with the observation and provided the following response and committed to address the observation.

City's response:

The City agrees with the auditor's observation. Moving forward, City staff will review the accounting records prior to year-end and ensure only and all legitimate expenditures related to the project are coded correctly to the proper account.

**Interest Revenue: County of Marin - Multi-Use Path Maintenance for Cal Park Hill Tunnel**

Measure A Expenditure Audited:

The compliance audit for the County of Marin covers all Measure A expenditures which occurred in FY2018-19 for the maintenance costs of the Cal Park Hill Tunnel Multi-Use Pathway.

Measure A Allocation					
Period Audited	Agreement Number	Measure A Strategy	Agreement Date	Available Amount*	
FY2018-19	A-2015-014	Interest Fund	9/22/2015	\$34,853	
Measure A Expenditures					
Project Audited		Measure A Strategy	Amount		
Multi-Use Path Maintenance for Cal Park Hill Tunnel		Interest Fund	\$69,706		
Total Measure A Reimbursement*				\$34,853	

\* Available Amount and Total Measure A Reimbursement amounts are 50% of the Measure A Expenditures.

Result:

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

Follow-up Meeting and/or Action:

Not needed.

**Strategy 1: Marin Transit - Local Transit**

Measure A Expenditure Audited:

The compliance audit for Marin Transit covers all Measure A expenditures that occurred in FY2018-19. Please note that even though it was not specifically required, the audit team also reviewed all expenditures related to the limited amount (\$182,971) of Measure AA fund reimbursement that Marin Transit received during FY2018-19.

<b>Measure A Allocation</b>				
Period Audited	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY2018-19	A-FY19-02	Strategy 1.1-1.4	7/1/2018	\$18,061,751
<b>Measure A Expenditures</b>				
Project Audited	Measure A Strategy	Amount		
Local Bus Transit Service	Strategy 1.1	\$	10,083,682	
Rural Bus Transit Service*	Strategy 1.2	\$	990,000	
Special Needs Transit System**	Strategy 1.3	\$	2,386,318	
Bus Transit Facilities	Strategy 1.4	\$	783,571	
<b>Total Measure A Reimbursement</b>		\$	<b>14,243,571</b>	

\* Includes \$66,451 from Measure AA

\*\* Includes \$116,520 from Measure AA

**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 – No Audit Conducted**

**Strategy 3.2 – City of Sausalito – Local Roads/Local Street Repair Program**

**Measure A Expenditure Audited:**

The compliance audit for the City of Sausalito covers Measure A expenditures under the Strategy 3.2, Local Roads allocation, which was spent in FY2018-19.

<b>Measure A Allocation</b>					
Period Audited	Agreement Number	Measure A Strategy	Agreement Date	Available Amount	
FY2018-19	A-FY18-15	Strategy 3.2	9/14/2018	\$	92,468
<b>Measure A Expenditures</b>					
Project Audited	Measure A Strategy	Amount			
Local Street Repair Program	Strategy 3.2	\$	92,468		
<b>Total Measure A Reimbursement</b>		\$	<b>92,468</b>		

**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 City of Sausalito and TAM.

Follow-up Meeting and/or Action:

Not needed

**Strategy 4.3 – Town of Fairfax – Safe Pathways to School, Fairfax Bike Spine Gap Completion Project**

Measure A Expenditure Audited:

The compliance audit for the Town of Fairfax covers Measure A expenditures under the Strategy 4.3 Local Streets and Roads allocation, which were spent in FY2017-18.

Measure A Allocation					
Period Audited	Agreement Number	Measure A Strategy	Agreement Date	Available Amount	
FY2015-16 - FY2017-18	A-2015-003	Strategy 4.3	6/15/2016	\$ 350,000	
Measure A Expenditures					
Project Audited	Measure A Strategy		Amount		
Fairfax Bike Spine Gap Completion Project	Strategy 4.3		\$ 350,000		
Total Measure A Reimbursement			\$ 350,000		

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 a month behind schedule due to the disruption of the PG&E power shutdown.

**NEXT STEPS:**

Upon completion of the review and acceptance of the COC, the reports will be presented to the TAM Board for review and acceptance

**ATTACHMENTS:**

- Attachment 1 Measure A Compliance Audit Report – City of San Rafael
- Attachment 2 Measure A Compliance Audit Report – County of Marin
- Attachment 3 Measure A Compliance Audit Report – Marin Transit
- Attachment 4 Measure A Compliance Audit Report – City of Sausalito
- Attachment 5 Measure A Compliance Audit Report – Town of Fairfax



MOSS, LEVY &amp; HARTZHEIM LLP

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE**

Transportation Authority of Marin  
900 Fifth Ave #100  
San Rafael, CA 94903

We have audited the City of San Rafael's (City) compliance with the types of compliance requirements described in the Measure A ½-Cent Transportation Sales Tax Expenditure Plan and the respective funding agreement with the Transportation Authority of Marin (TAM), for the fiscal year ended June 30, 2019.

**Compliance**

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, and the respective funding agreement between the City and TAM. Management of the City is responsible for compliance with the Measure A Expenditure Plan and requirements of its funding agreement with the TAM. Our responsibility is to express an opinion on the City's compliance based on our audit. Our audit includes examining, on a test basis, evidence about the City'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 legal determination on the City's compliance with those requirements.

In our opinion, the City complied with the compliance requirements referred to above for funding allocated during the fiscal year ended June 30, 2019 for maintenance expenditures on the Puerto Suello Hills Multi-Use Path.

**Internal Control over Compliance**

The Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Measure A funded programs. In planning and performing our audit, we considered the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over 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 City's internal control over compliance.

A deficiency in internal control 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 misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We noted no deficiencies that we considered to be material weaknesses.

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. We noted no deficiencies that we considered to be significant deficiencies.

However, we did have an observation that we felt needed to be reported in this report, detailed in the findings and observations section as #2019-1.

This report is intended solely for the information of the TAM Board of Commissioners, City Council, TAM Citizens' Oversight Committee (COC), Management of the TAM, and Management of the City, and is not intended to be and should not be used by anyone other than these specified parties.

*Moss, Levy & Hartzheim*

MOSS, LEVY & HARTZHEIM, LLP  
Culver City, CA  
January 18, 2020



**CITY OF SAN RAFAEL**

## Measure A Compliance Report

## Notes to the Compliance Report

June 30, 2019

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESFinancial Reporting Entity

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

Basis of Accounting

The City utilizes the economic resources measurement focus basis of account, whereby revenues are recognized when measurable and available. The City 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 ½-cent set forth 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 result 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 ½-Cent Transportation Sales Tax Expenditure Plan.

The Measure Expenditure Plan is administered by TAM. Its 16-member board consists of the five members of the Board of Supervisors and a council member of each incorporated City/Town. TAM is accountable to a 12-member COC, created with the assistance of the League of Women Voters. The COC reviews all expenditures and reports annually to the public.

**CITY OF SAN RAFAEL**

## Measure A Compliance Report

## Attachment A – Procedures Performed

June 30, 2019

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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 all 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 all 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 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.
  - 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 for. Also reviewed expenditures to ensure that all costs are direct costs and not indirect costs or allocations of any kind.

**CITY OF SAN RAFAEL**

## Measure A Compliance Report

## Attachment A – Procedures Performed

June 30, 2019

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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 regard 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 regard to the project.
  - c. Bid Award – Reviewed City/Town Council Agendas and Minutes along with Staff Reports in regard to the bid award to ensure that the contract for the project was properly approved by Department Heads and the City/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 to ensure that internal policies and procedures were followed in regard 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.
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; review 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.

**CITY OF SAN RAFAEL**

Measure A Compliance Report

Attachment B - Findings and Observations

June 30, 2019

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2019-1 Observation – General ledger detail for Measure A expenditures were not reconciled:

During the review of the segregated general ledger for Measure A revenue and expenditures, it was noted that the accounting detail for Measure A funds did not reconcile with the supporting documentation submitted to TAM for reimbursement. It was noted that the supporting documentation did provide the correct maintenance and utility costs for the correct locations dictated in the fund agreement, however, in the general ledger, not all of the submitted costs were posted to the correct accounts that were set aside for Measure A funds.

Effect:

Without all expenditures associate with Measure A funds being posted to the appropriate account that was set aside for Measure A, it's difficult to identify Measure A expenditures based on the accounting records alone.

Recommendation:

We recommend that the City ensure that all expenditures associated with Measure A funds be posted to the correct general ledger accounts.

Questioned Cost:

None noted.

City's response:

The City agrees with the audit's observation. Moving forward, City staff will review the accounting records prior to year-end and ensure only and all legitimate expenses related to the project are coded correctly to the proper account.

**CITY OF SAN RAFAEL**

## Measure A Compliance Report

## Attachment C – Schedule of Funding Allocations and Expenditures

June 30, 2019

Measure A Allocation					
Period Audited	Agreement Number	Measure A Strategy	Agreement Date	Available Amount*	
FY2018-19	A-2017-017	Interest Fund	7/8/2016	\$22,461	
Measure A Expenditures					
Project Audited		Measure A Strategy	Amount		
Multi-Use Path Maintenance for Puerto Suello Hill Pathway		Interest Fund	\$44,922		
Total Measure A Reimbursement*				\$22,461	

\* Available Amount and Total Measure A Reimbursement amounts are 50% of the Measure A Expenditures.



MOSS, LEVY &amp; HARTZHEIM LLP

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE**

Transportation Authority of Marin  
 900 Fifth Avenue, Suite 100  
 San Rafael, CA 94903

We have audited the County of Marin's (County) compliance with the types of compliance requirements described in the Measure A ½-Cent Transportation Sales Tax Expenditure Plan and the respective funding agreement with the Transportation Authority of Marin (TAM), for the fiscal year ended June 30, 2019.

**Compliance**

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, and the respective funding agreement between the County and TAM. Management of the County is responsible for compliance with the Measure A Expenditure Plan and requirements of its funding agreement with TAM. Our responsibility is to express an opinion on the County's compliance based on our audit. Our 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 legal determination on the County's compliance with those requirements.

In our opinion, the County complied in all material respects, with the compliance requirements referred to above for funding allocated during the fiscal year ended June 30, 2019 for maintenance expenditures on the Cal Park Hill Tunnel Multi-Use Path.

**Internal Control over Compliance**

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Measure A funded programs. 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 and to test and report on internal control over 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 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 misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We noted no deficiencies that we considered to be material weaknesses.

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. We noted no deficiencies that we considered to be significant deficiencies.

This report is intended solely for the information of the Board of Commissioners, Board of Supervisors, Citizens' Oversight Committee, Management of the Transportation Authority of Marin, and Management of the County, and is not intended to be and should not be used by anyone other than these specified parties.

*Moss, Levy & Hartzheim*

MOSS, LEVY & HARTZHEIM, LLP

Culver City, CA

January 18, 2020

**COUNTY OF MARIN**

## Measure A Compliance Report

## Notes to the Compliance Report

June 30, 2019

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESFinancial Reporting Entity

The County receives funding under the Measure A Expenditure Plan as a member of the County of Marin.

Basis of Accounting

The County utilizes the economic 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 ½-cent set forth 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 result 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 ½-Cent Transportation Sales Tax Expenditure Plan.

The Measure Expenditure Plan is administered by the Authority. Its 16-member board consists of the five members of the Board of Supervisors and a council member of each incorporated City/Town. The Authority is accountable to a 12-member COC, created with the assistance of the League of Women Voters. The COC reviews all expenditures and reports annually to the public.



**COUNTY OF MARIN**

## Measure A Compliance Report

## Attachment A – Procedures Performed

June 30, 2019

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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 all 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 all 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 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.
  - 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 for. Also reviewed expenditures to ensure that all costs are direct costs and not indirect costs or allocations of any kind.

**COUNTY OF MARIN**

## Measure A Compliance Report

## Attachment A – Procedures Performed

June 30, 2019

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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 regard 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 regard to the project.
  - c. Bid Award – Reviewed City/Town Council Agendas and Minutes along with Staff Reports in regard to the bid award to ensure that the contract for the project was properly approved by Department Heads and the City/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 regard 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.
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; review 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**

Measure A Compliance Report

Attachment B - Findings and Observations

June 30, 2019

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None Noted

**COUNTY OF MARIN**

## Measure A Compliance Report

## Attachment C – Schedule of Funding Allocations and Expenditures

June 30, 2019

<b>Measure A Allocation</b>				
Period Audited	Agreement Number	Measure A Strategy	Agreement Date	Available Amount*
FY2018-19	A-2015-014	Interest Fund	9/22/2015	\$34,853
<b>Measure A Expenditures</b>				
Project Audited		Measure A Strategy	Amount	
Multi-Use Path Maintenance for Cal Park Hill Tunnel		Interest Fund	\$69,706	
<b>Total Measure A Reimbursement*</b>				<b>\$34,853</b>

\* Available Amount and Total Measure A Reimbursement amounts are 50% of the Measure A Expenditures.


**MOSS, LEVY & HARTZHEIM LLP**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE**

 Transportation Authority of Marin  
 900 Fifth Avenue, Suite 100  
 San Rafael, CA 94903

We have audited Marin Transit's (Agency) compliance with the types of compliance requirements described in the Measure A ½-Cent Transportation Sales Tax Expenditure Plan and the respective funding agreement with the Transportation Authority of Marin (TAM), for the fiscal year ended June 30, 2019.

**Compliance**

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, and the respective funding agreement between the Agency and TAM. Management of the Agency is responsible for compliance with the Measure A Expenditure Plan and requirements of its funding agreement with TAM. Our responsibility is to express an opinion on the Agency's compliance based on our audit. Our 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 legal determination on the Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the compliance requirements referred to above for funding allocated during the fiscal years end June 30, 2019 and for expenditures during the fiscal year ended June 30, 2019.

**Internal Control over Compliance**

The Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Measure A funded programs. 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 and to test and report on internal control over 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 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 misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We noted no deficiencies that we considered to be material weaknesses.

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. We noted no deficiencies that we consider to be significant deficiencies.

This report is intended solely for the information of the TAM Board of Commissioners, Agency Board of Directors, TAM Citizens' Oversight Committee (COC), Management of TAM, and Management of the Agency, and is not intended to be and should not be used by anyone other than these specified parties.

*Moss, Levy & Hartzheim*

MOSS, LEVY & HARTZHEIM, LLP  
Culver City, CA  
January 18, 2020

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 and receives funding under the Measure A Expenditure Plan.

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 ½-cent set forth 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 result 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 ½-Cent Transportation Sales Tax Expenditure Plan.

The Measure Expenditure Plan is administered by TAM. Its 16-member board consists of the five members of the Board of Supervisors and a council member of each incorporated City/Town. TAM is accountable to a 12-member COC, created with the assistance of the League of Women Voters. The COC reviews all expenditures and reports annually to the public.

NOTE 3     REVENUE RECOGNITION

Marin Transit is an Agency that operates on the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. The Transportation Authority of Marin operates using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. Due to this difference, there will be certain differences between revenue accrued as revenue by Marin Transit and amounts accrued as expenditures by the Transportation Authority of Marin. The difference in the FY 12/13 was an additional \$1,505 accrued by Marin Transit as Revenue but not shown by the Transportation Authority of Marin as expenditures due to the fact that the invoice was received more than 60 days after the close of the fiscal year. Numbers shown in the accompanying Schedule of Funding Allocation and Expenditures reflect Marin Transit’s accounting records.

**MARIN TRANSIT**

## Measure A Compliance Report

## Attachment A – Procedures Performed

June 30, 2019

---

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 all 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 all 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 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.
  - 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 for. Also reviewed expenditures to ensure that all costs are direct costs and not indirect costs or allocations of any kind.



**MARIN TRANSIT**

## Measure A Compliance Report

## Attachment A – Procedures Performed

June 30, 2019

---

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 regard 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 regard to the project.
  - c. Bid Award – Reviewed City/Town Council Agendas and Minutes along with Staff Reports in regard to the bid award to ensure that the contract for the project was properly approved by Department Heads and the City/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 regard 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.
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; review 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**

Measure A Compliance Report

Attachment B - Findings and Observations

June 30, 2019

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None Noted

**MARIN TRANSIT**

## Measure A Compliance Report

## Attachment C – Schedule of Funding Allocations and Expenditures

June 30, 2019

<b>Measure A Allocation</b>				
Period Audited	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY2018-19	A-FY18-01	Strategy 1.1-1.4	7/1/2018	\$18,061,751
<b>Measure A Expenditures</b>				
Project Audited	Measure A Strategy	Amount		
Local Bus Transit Service	Strategy 1.1	\$	10,083,682	
Rural Bus Transit Service*	Strategy 1.2	\$	990,000	
Special Needs Transit System**	Strategy 1.3	\$	2,386,318	
Bus Transit Facilities	Strategy 1.4	\$	783,571	
<b>Total Measure A Reimbursement</b>		<b>\$</b>	<b>14,243,571</b>	

\* Includes \$66,451 from Measure AA

\*\* Includes \$116,520 from Measure AA


**MOSS, LEVY & HARTZHEIM LLP**

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

Transportation Authority of Marin  
 900 Fifth Ave #100  
 San Rafael, CA 94903

We have audited the City of Sausalito's (City) 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 (TAM), for the fiscal year ended June 30, 2019.

### Compliance

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, and the respective funding agreement between the City and TAM. Management of the City is responsible for compliance with the Measure A Expenditure Plan and requirements of its funding agreement with TAM. Our responsibility is to express an opinion on the City's compliance based on our audit. Our audit includes examining, on a test basis, evidence about the City'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 legal determination on the City's compliance with those requirements.

In our opinion, the City complied with the compliance requirements referred to above for funding allocated during the fiscal year ended June 30, 2019 for the City of Sausalito Local Street Repair Program.

### Internal Control over Compliance

The Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Measure A funded programs. In planning and performing our audit, we considered the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over 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 City's internal control over compliance.

A deficiency in internal control 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 misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We noted no deficiencies that we considered to be material weaknesses.

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. We noted no deficiencies that we considered to be significant deficiencies.

This report is intended solely for the information of the TAM Board of Commissioners, City Council, TAM Citizens' Oversight Committee (COC), Management of the Transportation Authority of Marin, and Management of the City, and is not intended to be and should not be used by anyone other than these specified parties.

*Moss, Levy & Hartzheim*

MOSS, LEVY & HARTZHEIM, LLP  
Culver City, CA  
January 18, 2020

**CITY OF SAUSALITO**

## Measure A Compliance Report

## Notes to the Compliance Report

June 30, 2019

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESFinancial Reporting Entity

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

Basis of Accounting

The City utilizes the economic resources measurement focus basis of account, whereby revenues are recognized when measurable and available. The City 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 ½-cent set forth 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 result 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 ½-Cent Transportation Sales Tax Expenditure Plan.

The Measure Expenditure Plan is administered by TAM. Its 16-member board consists of the five members of the Board of Supervisors and a council member of each incorporated City/Town. TAM is accountable to a 12-member COC, created with the assistance of the League of Women Voters. The COC reviews all expenditures and reports annually to the public.

**CITY OF SAUSALITO**

## Measure A Compliance Report

## Attachment A – Procedures Performed

June 30, 2019

---

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 all 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 all 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 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.
  - 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 for. Also reviewed expenditures to ensure that all costs are direct costs and not indirect costs or allocations of any kind.

**CITY OF SAUSALITO**

## Measure A Compliance Report

## Attachment A – Procedures Performed

June 30, 2019

---

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 regard 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 regard to the project.
  - c. Bid Award – Reviewed City/Town Council Agendas and Minutes along with Staff Reports in regard to the bid award to ensure that the contract for the project was properly approved by Department Heads and the City/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 regard 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.
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; review 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.



**CITY OF SAUSALITO**

Measure A Compliance Report

Attachment B - Findings and Observations

June 30, 2019

---

None Noted

**CITY OF SAUSALITO**

## Measure A Compliance Report

## Attachment C – Schedule of Funding Allocations and Expenditures

June 30, 2019

Measure A Allocation					
Period Audited	Agreement Number	Measure A Strategy	Agreement Date	Available Amount	
FY2018-19	A-2018-015	Strategy 3.2	9/14/2018	\$ 92,468	
Measure A Expenditures					
Project Audited	Measure A Strategy		Amount		
Local Street Repair Program	Strategy 3.2		\$ 92,468		
Total Measure A Reimbursement			\$ 92,468		


**MOSS, LEVY & HARTZHEIM LLP**

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

Transportation Authority of Marin  
 900 Fifth Ave #100  
 San Rafael, CA 94903

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 (TAM), for the fiscal year ended June 30, 2016 through June 30, 2018.

### Compliance

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, and the respective funding agreement between the Town and TAM. Management of the Town is responsible for compliance with the Measure A Expenditure Plan and requirements of its funding agreement with TAM. Our responsibility is to express an opinion on the Town's compliance based on our audit. Our 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 legal determination on the Town's compliance with those requirements.

In our opinion, the Town complied with the compliance requirements referred to above for funding allocated for the Fairfax Bicycle Spine Gap Completion Project and completed during the fiscal years ended June 30, 2016 through June 30, 2018.

### Internal Control over Compliance

The Management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Measure A funded programs. 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 and to test and report on internal control over 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 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 misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We noted no deficiencies that we considered to be material weaknesses.

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. We noted no deficiencies that we considered to be significant deficiencies.

This report is intended solely for the information of the TAM Board of Commissioners, Town Council, TAM Citizens' Oversight Committee (COC), Management of TAM, and Management of the Town, and is not intended to be and should not be used by anyone other than these specified parties.

*Moss, Levy & Hartzheim*

MOSS, LEVY & HARTZHEIM, LLP  
Culver City, CA  
January 18, 2020

**TOWN OF FAIRFAX**

## Measure A Compliance Report

## Notes to the Compliance Report

June 30, 2019

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESFinancial 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 economic 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 ½-cent set forth 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 result 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 ½-Cent Transportation Sales Tax Expenditure Plan.

The Measure Expenditure Plan is administered by TAM. Its 16-member board consists of the five members of the Board of Supervisors and a council member of each incorporated City/Town. TAM is accountable to a 12-member COC, created with the assistance of the League of Women Voters. The COC reviews all expenditures and reports annually to the public.

**TOWN OF FAIRFAX**

## Measure A Compliance Report

## Attachment A – Procedures Performed

June 30, 2019

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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 all 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 all 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 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.
  - 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 for. Also reviewed expenditures to ensure that all costs are direct costs and not indirect costs or allocations of any kind.

**TOWN OF FAIRFAX**

## Measure A Compliance Report

## Attachment A – Procedures Performed

June 30, 2019

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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 regard 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 regard to the project.
  - c. Bid Award – Reviewed City/Town Council Agendas and Minutes along with Staff Reports in regard to the bid award to ensure that the contract for the project was properly approved by Department Heads and the City/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 regard 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.
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; review 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 FAIRFAX**

Measure A Compliance Report

Attachment B - Findings and Observations

June 30, 2019

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None Noted



**TOWN OF FAIRFAX**

## Measure A Compliance Report

## Attachment C – Schedule of Funding Allocations and Expenditures

June 30, 2019

<b>Measure A Allocation</b>				
Period Audited	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY2015-16 - FY2017-18	A-2015-003	Strategy 4.3	6/15/2016	\$ 350,000
<b>Measure A Expenditures</b>				
Project Audited	Measure A Strategy		Amount	
Fairfax Bike Spine Gap Completion Project	Strategy 4.3		\$ 350,000	
<b>Total Measure A Reimbursement</b>			<b>\$ 350,000</b>	

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