



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
 CRAIG A HARTZHEIM, CPA
 HADLEY Y HUI, CPA
 ALEXANDER C HOM, CPA
 ADAM V GUISE, CPA
 TRAVIS J HOLE, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES

433 N. CAMDEN DRIVE, SUITE 730
 BEVERLY HILLS, CA 90210
 TEL: 310.273.2745
 FAX: 310.670.1689
 www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES

5800 HANNUM, SUITE E
 CULVER CITY, CA 90230
 TEL: 310.670.2745
 FAX: 310.670.1689
 www.mlhcpas.com

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 POLICIESFinancial 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

None Noted

MARIN TRANSIT

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-FY18-01	Strategy 1.1-1.4	7/1/2018	\$18,061,751
Measure A Expenditures				
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		
Total Measure A Reimbursement		\$ 14,243,571		

* Includes \$66,451 from Measure AA

** Includes \$116,520 from Measure AA