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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

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

Compliance

We have audited HNTB's (Corporation) compliance with the types of compliance requirements described in the Measure AA Expenditure Plan and the respective professional service contract with the Transportation Authority of Marin (Authority), for the fiscal years ended June 30, 2020 through June 30, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Management of the Corporation is responsible for compliance with the Measure AA Expenditure Plan and requirements of its contract with the Authority. Our responsibility is to express an opinion on the Corporation's compliance based on our audit.

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/AA Expenditure Plans issued by the County of Marin, and the respective funding contract between the Corporation and the Authority. An audit includes examining, on a test basis, evidence about the Corporation'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 Corporation's compliance with those requirements.

In our opinion, the Corporation complied, in all material respects, with the compliance requirements referred to above for funding allocated and expenditures during the fiscal years ended June 30, 2020 through June 30, 2023.

Internal Control over Compliance

The management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Measure A/AA funded programs. In planning and performing our audit, we considered the Corporation'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 Corporation'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 Board of Commissioners, Citizens' Oversight Committee, Management of the Authority, and Management of the Corporation, 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
November 21, 2023

HNTB

Measure A/AA Compliance Report Notes to the Compliance Report

June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

HNTB (Corporation) is a corporation based in Berkeley, California that provides various consulting services with respect to transportation and safety design and planning.

Basis of Accounting

The Corporation utilizes the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

NOTE 2 MEASURE A/AA SALES TAX

The Measure A/AA sales tax is a ½-cent sales tax originally approved as Measure A in 2004 and then renewed as Measure AA in 2018 by the voters of Marin. The Measure AA Expenditure Plan was approved by 76.7% of Marin voters and renewed the ½-cent transportation sales tax for another 30 years. It is expected to provide more than \$1.3 billion (Per the 2023 Measure A/AA Strategic Plan) in local transportation dollars as a step in implementing the “transportation vision” set forth by the County of Marin to alleviate traffic congestion, reinvent the public transportation system, provide addition pedestrian and bike pathways, provide safer routes to school and many other additional transit related goals. Various community and advocacy groups in each part of the County, representing the many diverse interests in Marin, provided input that resulted in a draft expenditure plan for both Measure A and Measure AA. The draft plans were presented to each of Marin’s City/Town Councils and to numerous stakeholder groups for review and input. Comments received prompted refinements reflected in the Final Measure A/AA Transportation Sales Tax Expenditure Plans (Plans).

The Plan is administered by the Authority. Its 16-member Board of Commissioners consists of the five Board of Supervisors and a council member of each incorporated City/Town. The Authority is accountable to a 12-member Citizens’ Oversight Committee (Committee), created with the assistance of the League of Women Voters. The Committee reviews all expenditures and reports annually and reports to the public in its annual report.

HNTB

Measure A/AA Compliance Report

Attachment A – Procedures Performed

June 30, 2023

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/AA 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/AA funding source or equivalent reports where income and expenses associated with Measure A/AA 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/AA funding.
8. For reimbursement-based agreements/contracts, 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/AA 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/AA 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 was documented on the invoice.
 - b. Invoice – Reviewed invoices and supporting documentation to ensure that they were mathematically accurate, properly addressed to the auditee and had sufficient detail to justify the amounts being charged and the cost center or fund code to which it was charged to.
 - c. Coding – Reviewed invoices and supporting documentation to ensure that they had been correctly coded to the specific cost center or fund code designated for Measure A/AA 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/AA funding were allowable costs based on the Measure A/AA Expenditure Plans, the entity's funding agreement with the Authority, and specific requirements of the Strategy/Category 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.

HNTB

Measure A/AA Compliance Report

Attachment A – Procedures Performed

June 30, 2023

10. For entities receiving funding in advance for Measure A Strategy 3 and/or Measure AA Category 2 under 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/AA were reasonable for the project. In addition, expenditures were 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 1,3&4 and Measure AA Category 2, 3&4 and the Major Road Set-aside 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 Request For Proposal (RFP) submittals were followed, we determined whether the process was adequate in regards 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 regards to the project.
 - c. Bid Award – Reviewed County Board of Supervisor and/or City/Town Council Agendas and Minutes along with Staff Reports in regards to the bid award to ensure that the contract for the project was properly approved and 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 was sufficient documentation for any other selection process utilized.
12. For entities where professional service contracts were paid utilizing Measure A/AA 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 regards to the selection of professional service firms.
13. For entities where capital construction projects were paid utilizing Measure A Strategy 1,3&4 and Measure AA Category 2,3&4 and the Major Road Set-aside4 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 Measure A/AA funding, we selected a representative sample of charges for personnel costs and tested for the following:
 - d. Recalculation – Reviewed and reconciled wage rates from personnel costs charged to Measure A/AA 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 were accurate and appropriate; recalculated personnel costs utilizing wage rates and hours being charged to ensure that the amounts were mathematically accurate; review the calculation to ensure no indirect costs were included in the reimbursement request.
 - e. Timesheet – Reviewed timesheets for selected personnel costs to ensure that hours being charged to Measure A/AA are properly supported with an approved timesheet. All charges to Measure A/AA 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 were 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.

HNTB

Measure A/AA Compliance Report

Attachment B - Findings and Observations

June 30, 2023

None Noted

HNTB

Measure A/AA Compliance Report

Attachment C – Schedule of Funding Allocations and Expenditures

June 30, 2023

Measure A/AA Allocation				
Contract Period	Contract Number	Measure A/AA Strategy/Category	Contract Date	Available Amount
Apr 2020-June 2024	C-FY20-09	Measure AA	4/27/2020	\$ 4,431,000
Total Measure A/AA Allocation				\$ 4,431,000

Measure A/AA Expenditures				
Project Name	Phase	Measure A/AA Strategy/Category	Date of Completion	Expenditures Through FY22-23
Interchange Study	Project Study	Measure AA C1.3	In Progress	\$ 2,054,531
Total Measure A/AA Expenditure				\$ 2,054,531