

# TOWN OF FAIRFAX

## Final Audit Report

### **SPECIAL GAS TAX STREET FUND AND ROAD MAINTENANCE AND REHABILITATION PROGRAM**

*July 1, 2023, through June 30, 2024*



MALIA M. COHEN

CALIFORNIA STATE CONTROLLER

November 2025



## **STATE CONTROLLER'S OFFICE | DIVISION OF AUDITS**

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MALIA M. COHEN  
CALIFORNIA STATE CONTROLLER

November 13, 2025

Mr. Michael Vivrette, Finance Director  
Town of Fairfax  
142 Bolinas Road  
Fairfax, CA 94930

Dear Mr. Vivrette:

The State Controller's Office audited the Town of Fairfax's (the town) Special Gas Tax Street Fund and the town's Road Maintenance and Rehabilitation Program (RMRP) for the period of July 1, 2023, through June 30, 2024.

Our audit found that the town accounted for and expended its Special Gas Tax Street Fund and its RMRP funds in compliance with requirements. In addition, the town complied with its RMRP maintenance-of-effort requirements.

If you have any questions regarding this report, please contact Efren Loste, Chief, Local Government Audits Bureau, by telephone at 916-324-7226 or email at [eloste@sco.ca.gov](mailto:eloste@sco.ca.gov).  
Thank you.

Sincerely,

*Original signed by*  
Kimberly A. Tarvin, CPA  
Chief, Division of Audits

Mr. Michael Vivrette

November 13, 2025

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Copy: The Honorable Lisel Blash, Mayor

Town of Fairfax

Heather Abrams, Town Manager

Town of Fairfax

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## SUMMARY

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The State Controller's Office (SCO) audited the Town of Fairfax's (the town) Special Gas Tax Street Fund and the town's Road Maintenance and Rehabilitation Program (RMRP) for the period of July 1, 2023, through June 30, 2024.

Our audit found that the town accounted for and expended its Special Gas Tax Street Fund and RMRP funds in compliance with requirements. In addition, the town complied with its RMRP maintenance-of-effort (MOE) requirements.

## BACKGROUND

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The State apportions funds monthly from the Highway Users Tax Account (HUTA) in the Transportation Tax Fund to cities (including some towns) and counties for the construction, maintenance, and operation of local streets and roads. The highway users taxes derive from state taxes on the sale of motor vehicle fuels. In accordance with Streets and Highways Code, cities must establish individual Special Gas Tax Street Funds for the deposit of their HUTA apportionments. Furthermore, cities must expend their HUTA apportionments only for street-related purposes in accordance with Article XIX of the California Constitution and Streets and Highways Code.

Senate Bill 1 (Chapter 5, Statutes of 2017), known as the Road Repair and Accountability Act of 2017, created the RMRP to address deferred maintenance on the state highway system and the local street and road systems. RMRP funds from the Road Maintenance and Rehabilitation Account of the State Transportation Fund are apportioned by formula to eligible cities and counties pursuant to Streets and Highways Code (SHC) section 2032. Article XIX of the California Constitution and SHC sections 2030 through 2038 provide the requirements for RMRP funding.

## AUDIT AUTHORITY

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We conducted this audit in accordance with Government Code section 12410, which provides the SCO with general authority to audit the disbursement of state money for correctness, legality, and sufficient provisions of law for payment.

## OBJECTIVES, SCOPE, AND METHODOLOGY

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We audited the town's Special Gas Tax Street Fund and the town's RMRP for the period of July 1, 2023, through June 30, 2024. Our audit objectives were to determine whether the town:

- Accounted for and expended the Special Gas Tax Street Fund and RMRP funds in compliance with Article XIX of the California Constitution, Streets and Highways Code, and Government Code; and
- Was in compliance with the RMRP MOE requirements.

To achieve our objectives, we completed the following procedures:

- We gained an understanding and evaluated the effectiveness of the town's internal controls that are significant to the audit objectives by reviewing policies and procedures, interviewing key personnel, completing an internal control questionnaire, reviewing the town's organization chart, and inspecting documents and records.
- We assessed the reliability of computer-processed data by reviewing existing information about the data and the system that produced it; by interviewing town officials knowledgeable about the data; and by tracing data to source documents, based on auditor judgment and non-statistical sampling. We determined that the data was sufficiently reliable for the purposes of achieving our audit objectives.

- We conducted a risk assessment to determine the nature, timing, and extent of substantive testing.
- We performed analytical procedures to identify and explain the existence of unusual or unexpected account balances.
- We verified the accuracy of fund balances by performing a fund balance reconciliation for the period of July 1, 2003, through June 30, 2024; by recalculating the Special Gas Tax Street Fund trial balance for the period of July 1, 2023, through June 30, 2024; and by recalculating the RMRP trial balance for the period of July 1, 2017, through June 30, 2024.
- We verified that the components of and changes to fund balances were properly computed, described, classified, and disclosed by scheduling and analyzing account balances.
- We reconciled the revenues recorded in the town's ledger to the balance reported in the SCO's apportionment schedule for the period of July 1, 2023, through June 30, 2024, to determine whether the town completely accounted for HUTA and Road Maintenance and Rehabilitation Account apportionments that it received.
- We reviewed the town's Special Gas Tax Street Fund and RMRP assets to ensure that they were properly recorded and identified.
- We reviewed the fund cash and receivables accounts for unauthorized borrowing to determine whether unexpended funds were available for future street-related expenditures and protected from impairment.
- We compared the town's RMRP project list with the list submitted to the California Transportation Commission to verify that actual RMRP expenditures were for RMRP projects approved by the California Transportation Commission.
- We verified that the town was in compliance with RMRP MOE requirements by recalculating the town's MOE contributions, and judgmentally selecting non-statistical



samples of transactions to ensure that the MOE expenditures were street-related, properly supported, and incurred in the proper period.

- We verified that the expenditures incurred during the audit period were supported by proper documentation and eligible in accordance with the applicable criteria, by testing all expenditure transactions that were equal to or greater than the significant item amount (calculated based on materiality threshold), and judgmentally selecting non-statistical samples of other transactions for the following category. We tested all \$405,000 in Special Gas Tax Street Fund and RMRP transfers. No errors were found.

We did not audit the town's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that the town accounted for and expended its Special Gas Tax Street Fund and its RMRP funds in accordance with the criteria.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## CONCLUSION

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Our audit found that the town accounted for and expended its Special Gas Tax Street Fund and its RMRP funds in compliance with Article XIX of the California Constitution, Streets and Highways Code, and Government Code for the period of July 1, 2023, through June 30, 2024. In addition, the town complied with its RMRP MOE requirements.

## **FOLLOW-UP ON PRIOR AUDIT FINDINGS**

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Our prior audit report on the town for the period of July 1, 2002, through June 30, 2003, issued on August 13, 2004, disclosed no findings.

## **VIEWS OF RESPONSIBLE OFFICIALS**

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We discussed the audit results with the town's representatives during an exit conference conducted on September 10, 2025. At the exit conference, the town's representatives agreed with the audit results.

## **RESTRICTED USE**

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This report is solely for the information and use of the town and the SCO; it is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record and is available on the SCO website at [www.sco.ca.gov](http://www.sco.ca.gov).

*Original signed by*

Kimberly A. Tarvin, CPA

Chief, Division of Audits

November 13, 2025

## SCHEDULE—RECONCILIATION OF FUND BALANCE

**July 1, 2023, through June 30, 2024**

Cities (and some towns) receive apportionments from the State HUTA, pursuant to SHC sections 2103, 2105, 2106, 2107, and 2107.5. The basis of the apportionments varies, but the funds may be used for any street-related purpose. SHC section 2107.5 restricts apportionments to administration and engineering expenditures, except for cities with populations of fewer than 10,000 inhabitants. Those cities may use the funds for rights-of-way and for the construction of street systems. Cities must establish individual Special Gas Tax Street Funds for the deposit of their HUTA apportionments.

As participants in the RMRP, cities and some towns also receive apportionments from the Road Maintenance and Rehabilitation Account, pursuant to SHC section 2032(h). These RMRP funds may be used for basic road maintenance, rehabilitation, and critical safety projects on local street and road systems. SHC section 2036 establishes the MOE requirements that cities must meet annually in order to remain eligible for an allocation or apportionment of funds. The town's required MOE contribution is \$426,454. The town accounts for its RMRP funds within its Special Gas Tax Street Fund.

The following table shows the beginning and ending balances for the town's Special Gas Tax Street Fund:

Reconciliation of Fund Balance	Special Gas Tax Street Fund Amount
Beginning fund balance, per town	\$190,361
Revenues	403,481
Total funds available	593,842
Less: Expenditures	405,000
Ending fund balance, per town	188,842
Audit adjustment	0
<b>Ending fund balance, per audit</b>	<b>\$188,842</b>