



**Date:** June 17, 2015  
**To:** Medical Cannabis Task Force  
**From:** Laura L. Doud, City Auditor *ld*  
**Subject:** **Medical Marijuana Revenue Collection**

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The medical marijuana business is a cash business and all taxes and fees to the City are expected to be paid in cash; therefore, it is especially important that systems and procedures are in place to ensure that money paid to the City is received and cashiered securely and deposited in a timely manner.

Under the Draft Ordinance and the City Manager's report, the Department of Financial Management has primary responsibility for ensuring that the appropriate taxes and fees are paid to the City. In addition, they will oversee the establishment of proper mechanisms at the facilities for the collection and reporting of medical marijuana tax revenue and will monitor compliance with the regulations.

The City Charter states that the City Auditor has the authority to regularly review systems and procedures relating to the receipt of funds by the City and shall require such controls as deemed necessary to ensure that such receipts are properly deposited on a timely basis in the City Treasury. As with all revenue collected by the City, the City Auditor's Office will continue to perform independent audits to ensure proper internal controls are established over the City's collection and timely deposit of funds to reduce the risk of loss.

cc: Charles Parkin, City Attorney  
Michael J. Mais, Assistant City Attorney  
Kendra Carney, Deputy City Attorney  
Patrick H. West, City Manager  
John Gross, Director, Financial Management