

**TRANSPORTATION AUTHORITY OF MARIN**

**BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2009**

**TRANSPORTATION AUTHORITY OF MARIN  
FINANCIAL STATEMENTS**

**JUNE 30, 2009**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners of  
the Transportation Authority of Marin  
San Rafael, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Transportation Authority of Marin (Authority) as of and for the fiscal year ended June 30, 2009, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Transportation Authority of Marin as of June 30, 2009, and the respective changes in financial position thereof for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 of the notes to the basic financial statements effective July 1, 2008, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 22, 2009, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – All Governmental Funds, as listed in the table of contents are not required parts of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Beverly Hills, CA  
October 22, 2009

## Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2009

This section of the Transportation Authority of Marin's (TAM's) basic financial statements presents management's overview and analysis of the financial activities of TAM for the fiscal year ended June 30, 2009. We encourage the reader to consider the information presented here in conjunction with the financial statements as a whole.

### **Financial Highlights**

TAM collected a total of \$28.8 million various revenues in FY2008-09, of which \$19.3 million, or 67.0%, is Measure A sales tax revenue. The prolonged economic recession dampened down the sales tax revenue collections in Marin. TAM's \$19.3 million FY2008-09 Measure A revenue collection is \$3.1 million, or 13.8%, less than the \$22.4 million collected in FY2007-08. This dramatic revenue drop has significant negative impacts on the transportation projects and programs in Marin County. Marin Transit, being that one third of their budget depends on the Measure A revenue, is taking a big hit and may need to take painful service cuts if the revenue collection does not improve in the second half of 2009. Even though there are more encouraging signs that suggest the economy is turning around, it may still take some time for the consumer confidence, job market, consumer spending, and therefore sales tax revenue to start growing again. TAM will work closely with the partner agencies in Marin to reduce the negative impacts of the revenue loss on Marin's transportation projects/programs to a minimum.

Besides the \$19.3 million sales tax revenue collected for carrying out all Measure A related projects and programming in the County, TAM also received about \$8.9 million for all of its Congestion Management Agency related activities. TAM received \$1.4 million from the Corridor Mobility Improvement Account (CMIA), one of the several program elements of the \$19.9 billion Proposition 1B Transportation Infrastructure Bond approved by the voters back in 2006, for the 580/101 Connector Project. \$1.8 million of Traffic Congestion Relief Program (TCRP) funds were received from the State for the Marin Sonoma Narrows project. \$3.6 million Regional Measure 2 (RM2) funds were also received from the Metropolitan Transportation Commission (MTC) for various RM2 capital projects that TAM manages. \$0.6 million was received from the State Transportation Improvement Program (STIP) for all of the Planning, Programming and Monitoring activities. TAM collected close to \$0.5 million from MTC in Congestion Management Planning and Programming funds. Cities, towns, and the County of Marin also contributed \$0.4 million for the various services/supports TAM provides as the Congestion Management Agency. TAM collected about \$0.3 million in Transportation Funds for the Clean Air (TFCA) fund, a program funded by a \$4 surcharge on motor vehicles registered in the Bay Area. TAM also received about \$0.2 million for various other projects/programs.

Because of the financial market crisis, the interest revenue TAM was able to earn with its cash balance, which was at a similar level as FY2007-08, dropped dramatically. Only \$0.7 million interest revenue was earned in FY2008-09, while TAM earned a total of \$1.2 million in FY2007-08.

Total FY2008-09 expenditures for TAM were \$31.6 million, of which \$21.7 million was for various Measure A programs/projects, including a \$1 million Measure A reserve, \$2.0 million for administration, \$6.1 million for professional services, \$1.1 million for pass-through interagency fund agreements, and \$0.7 million for TFCA related capital projects.

### **Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to TAM's audited financial statements, which are comprised of the basic financial statements.

The required financial statements include the Government-wide and Fund Financial Statements; Statement of Net Assets and Statement of Activities; Governmental Funds Balance Sheet; and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances. These statements are supported by notes to the financial statements. All sections must be considered together to obtain a complete understanding of the financial picture of TAM.

### **The Basic Financial Statements**

The Basic Financial Statements comprise the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of TAM's financial activities and financial position.

The Government-wide Financial Statements provide a longer-term view of TAM's activities as a whole, and comprise the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the financial position of TAM as a whole, including all of its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all of TAM's revenues and all of its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of TAM's programs. The Statement of Activities explains in detail the change in Net Assets for the fiscal year.

All of TAM's activities are grouped into Government Activities, as explained below.

The Fund Financial Statements report TAM's operations in more detail than the Government-wide Financial Statements and focuses primarily on the short-term activities of TAM's Major Funds. The Fund Financial Statements measure only current revenues, expenditures, assets, and liabilities; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of TAM and are presented individually. Major Funds are explained below.

### **The Government-wide Financial Statements**

Government-wide Financial Statements are prepared on the accrual basis, which means they measure the flow of all economic resources of TAM as a whole. The Statement of Net Assets and the Statement of Activities present information about the following:

#### Governmental Activities

TAM's basic services are considered to be governmental activities. These services are supported by various transportation funding sources from various federal, state and local funding agencies.

### **Fund Financial Statements**

The Fund Financial Statements provide detailed information about each of TAM's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are Major Funds, was established by Governmental Accounting Standards Board (GASB) Statement No. 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Major Funds present the major activities of TAM for the fiscal year, and may change from year to year as a result of changes in the pattern of TAM's activities.

In TAM's case, there are four Major Governmental Funds.

#### CMA General Fund

This fund accounts for expenditures for TAM's congestion management activities, primarily congestion management planning and programming work elements, and the management of various capital projects. The fund spent a total of \$8.2 million for various transportation planning and programming activities, and capital projects in FY2008-09.

The fund's fiscal year end fund balance is \$1.1 million, representing funds that have not yet been expended but are committed to various congestion management activities.

#### BAAQMD/TFCA Fund

This fund accounts for expenditures for the Transportation for Clean Air (TFCA) capital grant that TAM receives from the Bay Area Air Quality Management District (BAAQMD). The purpose of the TFCA grant is to fund studies related to monitoring of air quality control, and any capital improvements that can contribute to the improvement of air quality. The fund spent \$788,600 on such activities in FY2008-09.

The fund's fiscal year end fund balance is \$2.1 million, representing funds that have not yet been expended but are committed to different air quality control projects.

#### Measure A Sales Tax Fund

This fund accounts for expenditures for the projects and programs set forth by the voters in TAM's Transportation Sales Tax Expenditure Plan, approved by Marin voters in November 2004. The fund spent \$20.6 million on such activities and an additional \$1.0 million on administration and professional services.

The fund's fiscal year end fund balance is \$25.6 million, representing funds that have not yet been expended but committed to various projects and programs according to the Expenditure Plan.

#### Corte Madera Creek Bridge Fund

This fund accounts for expenditures for the Central Marin Ferry Connection Project. As part of the Highway 101 Gap Closure Project implementation, the project sponsor, the Department of Transportation (Caltrans), needed to obtain a permit from the Bay Conservation and Development Commission (BCDC) to conduct some work within BCDC's jurisdiction. BCDC determined the project had unavoidable impacts to resources under its purview and required certain mitigations as a condition to the issuance of a permit. A contribution in the amount of \$400,000 was made by Caltrans and deposited in this special fund as required by BCDC. This funding is reserved for the Central Marin Ferry Connection Project, which is expected to enhance public access to the San Francisco shoreline. This fund was transferred from the Marin Department of Public Works to TAM in FY2006-07. It currently has a balance of \$471,806, and no expenditures occurred for this fund in FY2008-09.

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Comparisons of Budget and Actual financial information are presented for all Funds on pages 23 and 24.

### **Analyses of Major Funds**

#### Governmental Funds

Actual revenues for FY2008-09 were \$28.8 million, \$8.6 million less than the budgeted amount. Measure A revenue collected was \$1.5 million lower than budget due to the economic recession. Because progress of various capital projects did not move as fast as expected, RM2 and TCRP funds also came in about \$6.7 million lower than budgeted. TAM also only spent \$68,336 of the \$600,000 MSN earmark fund budgeted and none of the \$386,000 TDA Article 3 fund budgeted, in which case, only \$68,336 was reimbursed.

Actual expenditures were \$31.6 million, \$13.9 million less than the budgeted amount, which again is mainly due to the slower than expected progress of various capital projects. Administration spending was \$0.5 million less than the budgeted amount. TAM spent \$6.5 million less for the Professional Services, mainly due to the slower progress than expected for the Marin Sonoma Narrows (MSN) Project Preliminary Engineer and Design and various RM2 capital projects. Expenditure for Measure A Projects/Programs is also \$6.3 million less due to the fact that both Strategy 3, Streets & Roads and Strategy 4, Safe Routes to School, expended much less than budgeted. Expenditures for the Interagency Agreements Category were about \$0.5 million less than it was projected and expenditures for Other Capital Projects, which mainly were TFCA projects, were pretty close to the budgeted amount.

Governmental Activities

**Table 1**  
**Governmental Net Assets at June 30, 2009**

	FY 2009	FY2008
<b>ASSETS</b>		
Cash and Investments	29,991,831	30,662,335
Sales Tax Receivable	2,840,200	3,615,700
Accounts Receivable	2,688,818	2,303,703
Prepaid Expenses	-	117,000
Capital Assets Net of Accumulated	14,726	19,635
	<hr/>	<hr/>
<b>Total assets</b>	<b>35,535,575</b>	<b>36,718,373</b>
<b>LIABILITIES</b>		
Accounts Payable	6,171,322	5,485,053
Deferred Revenue	50,080	87,180
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>6,221,402</b>	<b>5,572,233</b>
<b>NET ASSETS</b>		
Invested in Capital Asset Net of Related Debt	14,726	19,635
Restricted	29,299,447	31,126,505
Unrestricted	-	-
	<hr/>	<hr/>
<b>Total net assets</b>	<b>29,314,173</b>	<b>31,146,140</b>

TAM's governmental net assets were \$29,314,173 as of June 30, 2009, \$1,831,967 less than the net assets as of June 30, 2008. This decrease of the Change in Net Assets reflected in the Governmental Activities column of the Statement of Activities shown in Table 2. TAM's net assets as of June 30, 2009 comprised the following:

- Cash and investments of \$29,991,831 in the County of Marin Treasury.
- Receivables of \$5,529,018 of sales tax and accounts receivable.
- Capital assets net of accumulated depreciation of \$14,726.
- Current liabilities, including accounts payable, claims and other amounts due currently, totaling \$6,221,402.

- Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. Total net assets of TAM were \$29,314,173 as of June 30, 2009, of which all were restricted and committed to various transportation projects and programs.

The Statement of Activities presents program revenues and expenses and general revenues in detail. All of these are elements in the Changes in Governmental Net Assets summarized below.

**Table 2**  
**Change in Governmental Net Assets**

	FY 2009	FY2008	Change
<b>EXPENSES</b>			
Administration	548,141	784,728	(236,587)
Project Management	866,504	769,211	97,293
Transportation Planning and Programming	1,267,142	990,913	276,229
Transportation Projects	7,105,317	3,696,957	3,408,360
Measure A Projects and Programs	20,860,999	16,168,939	4,692,060
<b>Total Expenses</b>	<b><u>30,648,103</u></b>	<b><u>22,410,748</u></b>	<b><u>8,237,355</u></b>
<b>REVENUES</b>			
<b>Programming Revenue</b>			
Operating Grants and Contribution	1,507,672	1,141,166	366,506
Capital Grants	7,229,678	4,586,986	2,642,692
<b>Total Program Revenues</b>	<b><u>8,737,350</u></b>	<b><u>5,728,152</u></b>	<b><u>3,009,198</u></b>
<b>General Revenues</b>			
Sales Tax	19,320,196	22,427,786	(3,107,590)
Interest	698,590	1,178,106	(479,516)
Misc Revenue	60,000	5,000	55,000
<b>Total General Revenues</b>	<b><u>20,078,786</u></b>	<b><u>23,610,892</u></b>	<b><u>(3,532,106)</u></b>
<b>Total Revenues</b>	<b><u>28,816,136</u></b>	<b><u>29,339,044</u></b>	<b><u>(522,908)</u></b>
<b>CHANGE IN NET ASSET</b>	<b>(1,831,967)</b>	<b>6,928,296</b>	

*See accompanying notes to financial statements*

As Table 2 above shows, \$8,737,350, or 30.3% of TAM's FY2008-09 governmental revenues, came from program revenues and \$20,078,786, or 69.7%, came from general revenues such as sales taxes and interest. Program revenues were composed of operating grants and contributions of \$1,507,672, and capital grants of \$7,229,678.

Measure A Sales tax revenues are the largest revenue for TAM, and represents about 67.0% of TAM's FY2008-09 revenues. Sales tax revenues are general revenues that are spent under the guideline of the Expenditure Plan approved by the voters in November 2004. Interest earnings are also part of the general revenues.

Programming revenues include both operating grants and contributions and capital grants. Cities and County Contributions are part of the Operating Grants and Contributions revenues. Other Operating Grants and Contributions include STP/CMAQ/T-Plus planning funds, the Community Based Transportation funds from MTC, and the STIP/PPM funds from the California Transportation Commission (CTC). Total Operating Grants and Contributions for FY2008-09 is \$1,507,672.

from MTC, and the STIP/PPM funds from the California Transportation Commission (CTC). Total Operating Grants and Contributions for FY2008-09 is \$1,507,672.

Capital Grants includes the Transportation for Clean Air (TFCA) funding from the Bay Area Air Quality Management District (BAAQMD), Regional Measure 2 (RM2) and Transportation Development Act (TDA) Article 3 funding from MTC, the MSN earmark funding from the Federal Highway Administration, and the CMIA bond funding and TCRP funding from CTC, in the amount of \$7,229,678.

### **Capital Assets**

For the fiscal year ended June 30, 2009, the total capital asset value for TAM was \$14,726, which is the total value of TAM's Information Technology equipment that costs over \$5,000, net of the depreciation of \$9,818.

### **Debt Administration**

Currently, TAM does not utilize long-term debt for its capital projects.

### **Economic Outlook and Future Projections**

The overall financial condition of TAM reflects financial stability. However, various funding sources are impacted by the current economic downturn, financial market woes and housing market crash.

The prolonged economic recession dampened the sales tax revenue collections in Marin. TAM only collected \$19.3 million Measure A revenue in FY2008-09, which is \$3.1 million, or 13.8%, less than the \$22.4 million collected in FY2007-08. It is likely that the sales tax revenue will not start to grow again in the next year or two until the economy has fully recovered.

On top of the recession, the budget crisis the State of California has been experiencing also negatively impacts the availabilities of various funding from the State, such as the STIP/PPM, TCRP and CMIA funding, making it difficult for TAM to deliver projects and programs timely.

On the expenditure side, with the ramp up of major capital projects, TAM is expecting considerable cash needs for the Highway 101 Gap Closure Project, RM2 capital projects, 580/101 Connector, the Marin Sonoma Narrow projects and various Major Road Projects in FY2009-2010. Staff will explore various options that allow TAM to meet the cash needs of those capital projects at a minimum financial cost to the agency.

TAM will continue to maintain a watchful eye over expenditures and remain committed to sound fiscal management practices to deliver the highest quality service to the residents of Marin County.

### **Requests for Information**

This Financial Report is intended to provide citizens, taxpayers, and creditors with a general overview of TAM's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Transportation Authority of Marin, 750 Lindero Street Suite 200, San Rafael, CA 94901-6029; (415) 226-0815.

TRANSPORTATION AUTHORITY OF MARIN

STATEMENT OF NET ASSETS

June 30, 2009

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 29,991,831
Sales tax receivable	2,840,200
Accounts receivable	2,688,818
Capital assets, net of accumulated depreciation	<u>14,726</u>
Total assets	<u>35,535,575</u>
<b>LIABILITIES</b>	
Accounts payable	6,171,322
Deferred revenue	<u>50,080</u>
Total liabilities	<u>6,221,402</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	14,726
Restricted for:	
BAAQD-TFCA Project	2,121,772
Measure A Sales Tax Project	25,579,709
Corte Madera Creek Bridge Project	471,806
Congestion Management Projects	<u>1,126,160</u>
Total net assets	<u>\$ 29,314,173</u>

The accompanying notes are an integral part of these basic financial statements

**TRANSPORTATION AUTHORITY OF MARIN**

**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2009**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>				
Administration	\$ 548,141	\$ 47,177	\$ -	\$ (500,964)
Project management	866,504			(866,504)
Transportation planning and programming	1,267,142	1,460,495		193,353
Transportation projects	7,105,317		7,229,678	124,361
Measure A projects and programs	20,860,999			(20,860,999)
<b>Total Governmental Activities</b>	<b>\$ 30,648,103</b>	<b>\$ 1,507,672</b>	<b>\$ 7,229,678</b>	<b>(21,910,753)</b>
<b>General Revenues:</b>				
Sales tax				19,320,196
Interest				698,590
Miscellaneous revenues				60,000
<b>Total General Revenues</b>				<b>20,078,786</b>
Change in net assets				(1,831,967)
Net assets at beginning of fiscal year				31,146,140
Net assets at end of fiscal year				<b>\$ 29,314,173</b>

The accompanying notes are an integral part of these basic financial statements

**TRANSPORTATION AUTHORITY OF MARIN**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**June 30, 2009**

<b>ASSETS</b>	General Fund	BAAQD/TFCA Fund	Measure A Sales Tax Fund	Corte Madera Creek Bridge Fund	Total
Cash and investments	\$ 706,555	\$ 2,135,098	\$ 26,678,372	\$ 471,806	\$ 29,991,831
Sales tax receivable			2,840,200		2,840,200
Accounts receivable	2,663,337		25,481		2,688,818
<b>Total assets</b>	<b>\$ 3,369,892</b>	<b>\$ 2,135,098</b>	<b>\$ 29,544,053</b>	<b>\$ 471,806</b>	<b>\$ 35,520,849</b>
 <b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 2,193,652	\$ 13,326	\$ 3,964,344	\$ -	\$ 6,171,322
Deferred revenue	50,080				50,080
<b>Total liabilities</b>	<b>2,243,732</b>	<b>13,326</b>	<b>3,964,344</b>		<b>6,221,402</b>
Fund balances:					
Reserved for:					
BAAQD/TFCA Fund		2,121,772			2,121,772
Measure A Sales Tax Fund			25,579,709		25,579,709
Corte Madera Creek Bridge Fund				471,806	471,806
Congestion Management	1,126,160				1,126,160
<b>Total fund balances</b>	<b>1,126,160</b>	<b>2,121,772</b>	<b>25,579,709</b>	<b>471,806</b>	<b>29,299,447</b>
<b>Total liabilities and fund balance</b>	<b>\$ 3,369,892</b>	<b>\$ 2,135,098</b>	<b>\$ 29,544,053</b>	<b>\$ 471,806</b>	<b>\$ 35,520,849</b>

The accompanying notes are an integral part of these basic financial statements

TRANSPORTATION AUTHORITY OF MARIN

RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009

FUND BALANCE OF GOVERNMENTAL FUNDS \$ 29,299,447

Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Fund because of the following:

Capital assets used in Governmental Activities are not current resources and, therefore, are not reported in the Governmental Fund Balance Sheet.

Capital assets at historical cost	\$	24,544	
Less: accumulated depreciation		<u>(9,818)</u>	
			<u>14,726</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 29,314,173

**TRANSPORTATION AUTHORITY OF MARIN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**ALL GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2009**

REVENUES	General	BAAQD/TFCA	Measure A	Corte Madera	Total
	Fund	Fund	Sales Tax Fund	Creek Bridge Fund	
Measure A	\$ -	\$ -	\$ 19,320,196	\$ -	\$ 19,320,196
Cities and counties	429,195	805			430,000
Interest	10,965	55,470	621,929	10,226	698,590
STP/CMAQ	386,058				386,058
T-Plus	90,271				90,271
STIP/PPM	569,343				569,343
RM2	3,606,263				3,606,263
Community based transportation	32,000				32,000
Non-motorized transportation pilot program	27,455				27,455
TFCA/BAAQMD		343,429			343,429
MSN federal earmark	68,336				68,336
CMLA bond revenue	1,399,321				1,399,321
TCRP	1,784,874				1,784,874
Miscellaneous - project contribution	60,000				60,000
<b>Total revenue</b>	<b>8,464,081</b>	<b>399,704</b>	<b>19,942,125</b>	<b>10,226</b>	<b>28,816,136</b>

**EXPENDITURES**

Administration:

Salaries & benefits	1,164,078	18,060	507,726		1,689,864
Office lease			175,514		175,514
Equipment			9,554		9,554
Telephone/internet services			12,191		12,191
Office supplies	212		18,413		18,625
Insurance			5,233		5,233
Audit			10,750		10,750
Accounting/payroll			450		450
Document reproduction	362		10,397		10,759
Memberships	4,225		3,590		7,815
Travel/meetings/conferences	13,990	3	7,349		21,342
Professional development	525		1,503		2,028
Miscellaneous expenditures			1,833		1,833

(Continued)

The accompanying notes are an integral part of these basic financial statements

**TRANSPORTATION AUTHORITY OF MARIN**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
ALL GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2009  
(Continued)**

<b>EXPENDITURES (Continued)</b>	General Fund	BAAQD/TFCA Fund	Measure A Sales Tax Fund	Corte Madera Creek Bridge Fund	Total
Professional services:					
CMP	73,485				73,485
T-Plus	26,392				26,392
PMO consultant	56,701		124,704		181,405
Community based transportation	16,272				16,272
MSN preliminary engineer and design	37,523				37,523
MSN San Antonio interchange design	1,055,630				1,055,630
MSN San Antonio curve design	607,965				607,965
State legislative assistance	33,333				33,333
Financial advisor	32,300				32,300
Human resources/Board support			32,513		32,513
Information technology support			26,205		26,205
Consulting pool	8,400		40,083		48,483
Hwy 101/Greenbrae central Marin ferry connection	2,203,640				2,203,640
580/101 connector	1,324,085				1,324,085
Street smarts - NTPP	27,390				27,390
TDM		46,266			46,266
Central/southern Marin transit study	302,950				302,950
Measure A					
Strategy 1 - transit			10,937,344		10,937,344
Strategy 2 - gap closure	133,815		1,811,175		1,944,990
Strategy 3 - streets & roads			6,373,732		6,373,732
Strategy 4 - safe routes			1,496,249		1,496,249
Interagency agreements:					
County RM2	1,124,813				1,124,813
Other capital expenditures:					
TFCA - Calpark project		482,627			482,627
Other TFCA projects		241,644			241,644
Total expenditures	<u>8,248,086</u>	<u>788,600</u>	<u>21,606,508</u>		<u>30,643,194</u>
Excess (deficiency) of revenues over (under) expenditures	215,995	(388,896)	(1,664,383)	10,226	(1,827,058)
Fund balances, beginning of fiscal year	<u>910,165</u>	<u>2,510,668</u>	<u>27,244,092</u>	<u>461,580</u>	<u>31,126,505</u>
Fund balances, end of fiscal year	<u>\$ 1,126,160</u>	<u>\$ 2,121,772</u>	<u>\$ 25,579,709</u>	<u>\$ 471,806</u>	<u>\$ 29,299,447</u>

The accompanying notes are an integral part of these basic financial statements

TRANSPORTATION AUTHORITY OF MARIN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN THE FUND BALANCE OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

The schedule below reconciles the Net Changes in Fund Balance reported on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Funds Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCE		\$ (1,827,058)
Amounts reported for governmental activities in the statement of activities differ because of the following:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay expenditures are, therefore, added back to fund balance	\$ -	
Depreciation expense not reported in governmental fund	<u>(4,909)</u>	<u>(4,909)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ (1,831,967)</u>

# TRANSPORTATION AUTHORITY OF MARIN

## Notes to Basic Financial Statements

June 30, 2009

### Note 1: Summary of Significant Accounting Policies

#### A. Reporting Entity

On March 2, 2004, the Marin County Board of Supervisors created the Transportation Authority of Marin (TAM) by Resolution No. 2004-21, pursuant to Section 180050 of the California Public Utilities Code ("PUC"). As required by California PUC Section 180051(a) and California Government Code Section 65089(a), a majority of City and Town Councils of Marin County, representing a majority of the incorporated population of Marin, have concurred on the membership of TAM and designated TAM as the Congestion Management Agency for Marin County.

TAM's responsibilities include the development and administration of the Transportation Sales Tax Expenditure Plan, approved by Marin voters in November 2004. With the passage of Measure A, TAM now manages the implementation of the transportation projects and programs financed by the 1/2-cent, 20-year sales tax. TAM also serves as the designated Congestion Management Agency (CMA) for Marin County, providing countywide planning and programming for transportation related needs. As both the sales tax authority and the CMA for Marin County, TAM plays a leading role in the planning, financing, and implementation of transportation projects and programs in Marin County.

The TAM sixteen member governing board is comprised of representatives from each of the cities and towns in Marin County, and all five members of the County Board of Supervisors. A Technical Advisory Committee (TAC), made up of Public Works staff, other local government staff, and representatives of diverse public interests prioritize infrastructure improvements and make recommendations to TAM. A twelve member Citizens' Oversight Committee, made up of five representatives from the five planning areas and seven representatives from diverse interest groups in Marin County, report directly to the public on issues related to the Expenditure Plan and sales tax use.

#### B. Basis of Presentation

**Government-wide Statements:** The Statement of Net Assets and the Statement of Activities include the financial activities of the overall Authority. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Authority's activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) funds and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the Authority's funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column.

#### C. Major Funds

GASB Statement No. 34 defines major funds and requires that the Authority's major governmental type funds be identified and presented separately in the fund financial statements. Major funds are defined as funds that have either assets, liabilities, revenues, or expenditures equal to or greater than ten percent of their fund-type total and five percent of the grand total. The Authority has determined that all of its funds are major funds.

**TRANSPORTATION AUTHORITY OF MARIN**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

**Note 1:        Summary of Significant Accounting Policies (Continued)**

C.        Major Funds (Continued)

The Authority reported the following major governmental funds in the accompanying financial statements:

CMA General Fund- This fund accounts for revenues and expenditures for the Authority's congestion management activities, primarily congestion management planning and programming work elements, and the management of various capital projects. Major revenue sources for this fund are all programming revenues with the exception of Transportation for Clean Air (TFCA) funds.

BAAQMD/TFCA Fund- This fund accounts for revenues and expenditures for the TFCA capital grant the Authority receives from the Bay Area Air Quality Management District (BAAQMD). The purpose of the TFCA grant is to fund studies related to the monitoring of air quality control, and any capital improvements that can contribute to the improvement of air quality.

Measure A Sales Tax Fund- This fund accounts for revenues and expenditures for the projects and programs set forth by the voters in the Authority's Transportation Sales Tax Expenditure Plan, approved by Marin voters in November 2004.

Corte Madera Creek Bridge Fund- This fund accounts for revenues and expenditures for the Central Marin Ferry Connection Project. As part of the Highway 101 Gap Closure Project implementation, the project sponsor, the Department of Transportation (Caltrans), needed to obtain a permit from the Bay Conservation and Development Commission (BCDC) to conduct some work within BCDC's jurisdiction. BCDC determined the project had unavoidable impacts to resources under its purview and required certain mitigations as a condition to the issuance of a permit. A contribution in the amount of \$400,000 was made by Caltrans and deposited in this special fund as required by BCDC. This funding is reserved for the Central Marin Ferry Connection Project, which is expected to enhance public access to the San Francisco shoreline. This fund was transferred from the Marin Department of Public Works to the Authority in FY 2006-07.

D.        Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when *measurable and available*. The Authority considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of long-term debt and acquisition under capital leases are reported as *other financing sources*.

*Non-exchange transactions*, in which the Authority gives or receives value without directly receiving or giving equal value in exchange, includes entitlements, and donations. Revenues from entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Authority funds certain programs by a combination of specific cost-reimbursement funds, categorical block funds, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. The Authority's policy is to first apply cost-reimbursement resources to such programs, followed by general revenues.

**TRANSPORTATION AUTHORITY OF MARIN**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

**Note 1: Summary of Significant Accounting Policies (Continued)**

E. Budgets and Budgetary Accounting

The budget for expenditures is adopted on the budgetary basis, which is not consistent with accounting principles generally accepted in the United States of America. The budget for revenues and expenditures are adopted by the Board annually in total for all major funds, therefore the Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual is presented in a combined format for all governmental funds and not presented separately for each major fund.

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Capital Assets

Purchased capital assets are stated at historical cost or estimated historical cost when original cost is not available. Donated capital assets are recorded at their estimated fair value at the date of donation. The Authority's policy is to capitalize all capital assets with costs exceeding a minimum threshold of \$5,000. Depreciation is recorded using the straight-line method over the estimated useful lives of the capital assets which range from 15 to 20 years for field equipment, 5 to 10 years for office equipment, and 8 to 10 years for vehicles.

H. Net Assets and Fund Balances

**Government-wide Financial Statements**

Invested in Capital Assets, Net of Related Debt- This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that contributed to the acquisition, construction, or improvement of the capital assets.

Restricted Net Assets- This amount consists of amounts restricted from external creditors, grantors, contributors, and laws or regulations of other governments.

Unrestricted Net Assets- This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets".

**Fund Financial Statements**

Fund Balances- Reservations of fund balance of governmental funds are created to either satisfy legal covenants, including State laws, that require a portion of the fund equity be segregated or identify the portion of the fund equity not available for future expenditures.

I. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance through Alliant Insurance Services, Inc.

**TRANSPORTATION AUTHORITY OF MARIN**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

**Note 1: Summary of Significant Accounting Policies (Continued)**

J. New Accounting Pronouncements

The Authority has implemented the requirements of GASB Statements No. 49, No. 52, No. 55, and No. 56 during the fiscal year ended June 30, 2009.

GASB Statement No. 49 – Accounting and Financial Reporting for Pollution Remediation Obligations

This Statement is effective for periods beginning after December 15, 2007. The Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the document excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and post-closure care and nuclear power plant decommissioning. Implementation of GASB Statement No. 49 did not have an impact on the Authority's financial statements for the fiscal year ended June 30, 2009.

GASB Statement No. 52 – Land and Other Real Estate Held as Investments by Endowments

This Statement is effective for periods beginning after June 15, 2008. The Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. Implementation of GASB Statement No. 52 did not have an impact on the Authority's financial statements for the fiscal year ended June 30, 2009.

GASB Statement No. 55 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

This Statement is effective as of April 2, 2009. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. Implementation of GASB Statement No. 55 did not have an impact on the Authority's financial statements for the fiscal year ended June 30, 2009.

GASB Statement No. 56 – Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements of Auditing Standards

This Statement is effective as of April 16, 2009. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles – related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature. Implementation of GASB Statement No. 56 did not have an impact on the Authority's financial statements for the fiscal year ended June 30, 2009.

**Note 2: Cash and Investments**

Classification

Cash and investments are classified in the financial statements as shown below:

Cash and investments, Statement of Net Assets	<u>\$ 29,991,831</u>
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**TRANSPORTATION AUTHORITY OF MARIN**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

**Note 2: Cash and Investments (Continued)**

Cash and investments as of June 30, 2009 consist of the following:

Deposits with County of Marin	<u>\$ 29,991,831</u>
Total cash and investments	<u><u>\$ 29,991,831</u></u>

A. Investments Authorized by the California Government Code and the Authority's Investment Policy

The table below identifies the investment types that are authorized for the Authority by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk. The Authority has adopted a formal investment policy. The allowable investments, according to the Authority's investment policy, are listed below:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Investment Fund (LAIF)	N/A	None	\$40 million
Certificates of Deposit	None	30%	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Obligations	None	None	None
U.S. Government Securities	None	None	None
State of California and Local Agency Bonds	None	None	None
Bankers Acceptances	180 days	30%	None
Medium-Term Notes	2 years	30%	None
Commercial Paper	270 days	25%	None
Marin County Cash Pool	None	None	None
Repurchase Agreements	1 year	None	None

B. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity:

Investment Type	<u>Totals</u>	<u>Remaining maturity (in Months)</u>					<u>More Than 60 Months</u>
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25-36 Months</u>	<u>37-48 Months</u>	<u>49-60 Months</u>	
Deposits with County of Marin	\$ 29,991,831	\$ 29,991,831	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>\$ 29,991,831</u>	<u>\$ 29,991,831</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**TRANSPORTATION AUTHORITY OF MARIN**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

**Note 2: Cash and Investments (Continued)**

C. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfil its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
Deposits with County of Marin	\$ 29,991,831	N/A	\$ -	\$ 29,991,831	\$ -	\$ -	\$ -
Total	<u>\$ 29,991,831</u>		<u>\$ -</u>	<u>\$ 29,991,831</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

D. Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2009, there were no Authority deposits with financial institutions in excess of federal depository insurance limits.

**Note 3: Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Capital assets, being depreciated:				
Technical Equipment	\$ 24,544	\$ -	\$ -	\$ 24,544
Total capital assets, being depreciated	24,544			24,544
Less accumulated depreciation:	(4,909)	(4,909)		(9,818)
Total capital assets, being depreciated, net	19,635	(4,909)		14,726
Capital assets, net	<u>\$ 19,635</u>	<u>\$ (4,909)</u>	<u>\$ -</u>	<u>\$ 14,726</u>

Depreciation expense of \$4,909 was charged to administration in the statement of activities.

**TRANSPORTATION AUTHORITY OF MARIN**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

**Note 4:            Operating Lease**

On November 28, 2007 the Authority entered into a 5-year lease with SR Corporate Center Phase One, LLC (Landlord) to rent 9,098 square feet of office space. The base rent commences at \$21,836/month and ends at \$25,059/month. The base rent does not include operating expenses which are determined annually by the Landlord. The Authority subleases to two other agencies (Marin Transit and Sonoma-Marín Area Rail Transit) who reimburse the Authority 28% and 24% of the total rent, respectively. These two Agencies have signed subleases with the Authority, with terms that coincide with the lease with the Landlord. The Authority nets the rent expense with the rental income received from the two agencies in the Authority's financial records. The following is a schedule, by fiscal year, of future minimum lease payments required under the operating lease:

Fiscal Year <u>Ending June 30,</u>	Payment <u>Amount</u>
2010	\$ 276,749
2011	286,437
2012	296,468
2013	125,295
	<u>\$ 984,949</u>

**Note 5:            Employment Agreements**

The Authority has no employees of its own. The Authority has entered into an employment agreement with a joint powers authority, Local Government Services (LGS) for nine employees. The Authority also has two employees on loan from the County of Marin (County). LGS provides staffing, payroll, and related administrative services to small governmental agencies. The Authority pays LGS and the County hourly rates for each employee. The hourly rates for each employee include salary, fringe benefits, and a flat administration fee (LGS), or overhead charge (County). For LGS, the Authority prepays the expected monthly fee prior to the service month.

Because the Authority has no employees of its own, there is no accrued payroll or compensated absences liabilities on the books of the Authority. Any benefits or accrued compensation due to the employees of LGS or the County are the responsibility of their respective employers.

**Note 6:            Commitments and Contingencies**

The Authority has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under the terms of the grants, it is believed that any required reimbursements will not be material.

**TRANSPORTATION AUTHORITY OF MARIN**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - BUDGETARY BASIS**  
**For the Fiscal Year Ended June 30, 2009**

<b>REVENUES</b>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Measure A	\$ 20,800,000	\$ 20,800,000	\$ 19,320,196	\$ (1,479,804)
Cities and counties	430,000	430,000	430,000	
Interest	500,000	500,000	698,590	198,590
STP/CMAQ	375,000	375,000	386,058	11,058
T-Plus	150,000	150,000	90,271	(59,729)
STIP/PPM	338,000	338,000	569,343	231,343
RM2	5,100,000	5,100,000	3,606,263	(1,493,737)
Community based transportation	15,000	15,000	32,000	17,000
TDA article 3	386,000	386,000		(386,000)
Non-motorized transportation pilot program	100,000	100,000	27,455	(72,545)
TFCA/BAAQMD	360,000	360,000	343,429	(16,571)
MSN federal earmark	600,000	600,000	68,336	(531,664)
CMIA bond revenue	1,200,000	1,200,000	1,399,321	199,321
TCRP	6,985,000	6,985,000	1,784,874	(5,200,126)
Miscellaneous - project contribution	65,000	65,000	60,000	(5,000)
Total revenue	<u>37,404,000</u>	<u>37,404,000</u>	<u>28,816,136</u>	<u>(8,587,864)</u>

**EXPENDITURES**

Administration:

Salaries & benefits	2,100,000	2,100,000	1,689,864	410,136
Office lease	200,000	200,000	175,514	24,486
Office furniture	10,000	10,000		10,000
Equipment	20,000	20,000	9,554	10,446
Telephone/internet services	25,000	25,000	12,191	12,809
Office supplies	20,000	20,000	18,625	1,375
Insurance	8,000	8,000	5,233	2,767
Audit	17,500	17,500	10,750	6,750
Legal	20,000	20,000		20,000
Accounting/payroll	10,000	10,000	450	9,550
Document reproduction	20,000	20,000	10,759	9,241
Memberships	10,000	10,000	7,815	2,185
Travel/meetings/conferences	25,000	25,000	21,342	3,658
Professional development	5,000	5,000	2,028	2,972
Miscellaneous expenditures	5,000	5,000	1,833	3,167

(Continued)

**TRANSPORTATION AUTHORITY OF MARIN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - BUDGETARY BASIS**

**For the Fiscal Year Ended June 30, 2009**

**(Continued)**

<b>EXPENDITURES (Continued)</b>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Professional services:				
CMP	65,000	65,000	73,485	(8,485)
T-Plus	20,000	20,000	26,392	(6,392)
PMO consultant	375,000	375,000	181,405	193,595
Community based transportation	15,000	15,000	16,272	(1,272)
MSN congestion pricing study	300,000	300,000		300,000
MSN preliminary engineer and design	400,000	400,000	37,523	362,477
MSN San Antonio interchange design	3,000,000	3,000,000	1,055,630	1,944,370
MSN San Antonio curve design	3,000,000	3,000,000	607,965	2,392,035
MSN on-call contract	500,000	500,000		500,000
Federal legislative Assistance	35,000	35,000		35,000
State legislative assistance	35,000	35,000	33,333	1,667
Financial advisor	35,000	35,000	32,300	2,700
Human resources/Board support	30,000	30,000	32,513	(2,513)
Information technology support	30,000	30,000	26,205	3,795
Consulting pool	50,000	50,000	48,483	1,517
Hwy 101/Greenbrae central Marin ferry connect	3,175,000	3,175,000	2,203,640	971,360
580/101 connector	1,000,000	1,000,000	1,324,085	(324,085)
Street smarts - NTPP	100,000	100,000	27,390	72,610
TDM	125,000	125,000	46,266	78,734
Central/southern Marin transit study	265,000	265,000	302,950	(37,950)
Measure A:				
Reserve	1,040,000	1,040,000	966,010	73,990
Strategy 1 - transit	11,048,150	11,048,150	10,937,344	110,806
Strategy 2 - gap closure	2,157,587	2,157,587	1,944,990	212,597
Strategy 3 - streets & roads	10,139,880	10,139,880	6,373,732	3,766,148
Strategy 4 - safe routes	3,596,281	3,596,281	1,496,249	2,100,032
Interagency agreements:				
County RM2	1,675,000	1,675,000	1,124,813	550,187
Other capital expenditures:				
TFCA - Calpark project	563,000	563,000	482,627	80,373
Other TFCA projects	200,000	200,000	241,644	(41,644)
<b>Total expenditures</b>	<b>45,470,398</b>	<b>45,470,398</b>	<b>31,609,204</b>	<b>13,861,194</b>
Excess (deficiency) of revenues over (under) expenditures	(8,066,398)	(8,066,398)	(2,793,068)	5,273,330
Fund balances at beginning of period	31,126,505	31,126,505	31,126,505	
Reserve			966,010	966,010
Fund balances at end of period	<u>\$ 23,060,107</u>	<u>\$ 23,060,107</u>	<u>\$ 29,299,447</u>	<u>\$ 6,239,340</u>

**TRANSPORTATION AUTHORITY OF MARIN**

**Board of Commissioners  
June 30, 2009**

Susan Adams  
Judy Arnold  
Al Boro  
Peter Breen  
Harold C. Brown  
Alexandra Cock  
Sandra Donnell  
Alice Fredericks  
Madeline Kellner  
Steve Kinsey  
Joan Lundstrom  
Charles McGlashan  
Stephanie Moulton-Peters  
Michael Skall  
Lew Tremaine  
Herb Weiner



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners of  
the Transportation Authority of Marin  
San Rafael, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Transportation Authority of Marin as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated October 22, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the Authority in a separate letter to management.

#### Compliance and Other Matters

Compliance with laws, regulations, contracts, and grant agreements is the responsibility of the management of the Authority. As part of obtaining reasonable assurance about whether Transportation Authority of Marin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Commissioners and management of the Authority, 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  
Beverly Hills, CA  
October 22, 2009



MOSS, LEVY & HARTZHEIM LLP

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE**

To the Board of Commissioners of  
the Transportation Authority of Marin  
San Rafael, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Transportation Authority of Marin as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated October 22, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance with laws, regulations, contracts, and grant agreements is the responsibility of the management of the Authority. As part of obtaining reasonable assurance about whether Transportation Authority of Marin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of the STIP Planning, Programming, and Monitoring Program Funding Agreement Number PPM08-6406(003) and the 5% administration cost cap limit of the Marin County Transportation Sales Tax Expenditure Plan, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the standards referred to in the paragraph above.

This report is intended solely for the information and use of the Board of Commissioners and management of the Authority, 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  
Beverly Hills, CA  
October 22, 2009

**TRANSPORTATION AUTHORITY OF MARIN**

**MANAGEMENT REPORT  
AND  
AUDITOR'S COMMUNICATION LETTER**

**For the Fiscal Year Ended  
June 30, 2009**



MOSS, LEVY & HARTZHEIM LLP

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October 22, 2009

To the Board of Commissioners of  
the Transportation Authority of Marin  
San Rafael, California

RE: Recommendations and suggestions resulting from the annual audit of the Transportation  
Authority of Marin for the fiscal year ended June 30, 2009

Honorable Board Members:

Having completed the annual audit of the Authority's records for the fiscal year ended June 30, 2009,  
we would like to take this opportunity to bring to your attention the following observations,  
recommendations, and suggestions we feel are appropriate at this time:

**Payroll**

1. Finding – Lack of supervisor signature on timesheets:  
During our test of salaries and benefits, it was noted that 4 out of 6 timesheets reviewed did  
not contain a supervisor signature.

Effect:

Without a supervisor signature, it is difficult to determine if the employee's timesheet has  
been reviewed and authorized by a responsible employee.

Recommendation:

We recommend that all employee timesheets be reviewed and signed off by a responsible  
employee.

Management's Response:

TAM staff agrees with this finding and will take corrective action and assure employee  
timesheets will be reviewed and signed off by responsible employee in the future.

This information is intended solely for the use of the Board of Commissioners of the Transportation Authority of Marin and management of the Transportation Authority of Marin and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Beverly Hills, CA



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MOSS, LEVY & HARTZHEIM LLP

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October 22, 2009

To the Board of Commissioners of  
the Transportation Authority of Marin  
San Rafael, California

We have audited the financial statements of the Transportation Authority of Marin (Authority) for the fiscal year ended June 30, 2009, and have issued our report thereon dated October 22, 2009. Professional standards require that we provide you with the following information related to our audit.

Our responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated July 22, 2009, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Transportation Authority of Marin. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Transportation Authority of Marin are described in Note 1 to the financial statements. We noted no transactions entered into by Transportation Authority of Marin during the fiscal year that were both significant and unusual, and of which, under professional standards we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the estimated useful lives of certain capital assets. Management's estimates of the useful lives of certain capital assets are based on historical data, and industry guidelines. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the financial statement taken as a whole.

### Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on Transportation Authority of Marin's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, and subsequently recorded by Transportation Authority of Marin either individually or in the aggregate, indicates a matter that could have a significant effect on Transportation Authority of Marin's financial reporting process.

### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountants to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principle and auditing standards, with management each year prior to retention as Transportation Authority of Marin's auditors. However, these discussions occurred in the normal course of our profession relationship and our responses were not a condition to our retention.

### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Board of Commissioners of the Transportation Authority of Marin and management of the Transportation Authority of Marin and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Beverly Hills, CA