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AGENDA

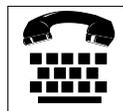
CITIZENS' OVERSIGHT COMMITTEE

November 20, 2017

5:00 p.m.

Conference Room
900 Fifth Avenue, Suite 100
San Rafael, CA 94901

1. Introductions and Welcome (2 minutes)
2. Review and Approval of July 17, 2017 Meeting Minutes (Action) (2 minutes)
3. TAM Staff Report (Information) (20 minutes)
 - a. Update of LGS/CalPERS Contract Issue
 - b. Update on TAM's Separation from LGS
4. Review and Acceptance of TAM's FY2016-17 Financial and Single Audit Results (Action) (20 Minutes)
5. Review and Acceptance of TAM's 2017 Measure A Compliance Audit Results (Action) (20 Minutes)
6. Formation of the COC FY2016-17 Annual Report Subcommittee and Adoption of the Development Schedule (Action) (20 Minutes)
7. Review of the FY2017-18 First Quarter Financial Report and Proposed Budget Amendments (Information) (10 minutes)
8. Committee Member Hot Items Report (Information) (10 minutes)
9. Discussion of Next Meeting Date and Recommended Items for the Agenda (2 minutes)
10. Open Time for Public Input (2 minutes)



Late agenda material can be inspected in TAM's office between the hours of 8:00 a.m. and 5:00 p.m.
TAM is located at 900 Fifth Avenue, Suite 100, San Rafael.

The meeting facilities are accessible to persons with disabilities. Requests for special accommodations (assisted listening device, sign language interpreters, etc.) should be directed to Denise Merleno at 415-226-0820 or email:dmerleno@tam.ca.gov, **no later than 5 days** before the meeting date.



MEETING OF THE
TRANSPORTATION AUTHORITY OF MARIN
CITIZENS' OVERSIGHT COMMITTEE

July 17, 2017

5:00 p.m.

TAM Conference Room
900 Fifth Avenue, Suite 100
San Rafael, CA 94901

MEETING MINUTES

Members Present: V-Anne Chernock, Northern Marin Planning Area
Peter Pelham, Major Marin Employers
Joy Dahlgren, Central Marin Planning Area
Robert Burton, Southern Marin Planning Area
Vince O'Brien, Bicyclists & Pedestrians Groups
Kate Powers, Environmental Organizations
Allan Bortel, Marin County Paratransit Coordinating Council

Alternates Present: Jeffrey Olson, Central Marin Planning Area
Jayni Allsep, Southern Marin Planning Area
Nancy Okada, Environmental Organizations
Kay Noguchi, League of Women Voters

Staff Members Present: Dianne Steinhauser, Executive Director
Li Zhang, Chief Financial Officer
Scott McDonald, Senior Transportation Planner
Nick Nguyen, Project Delivery Manger
Bill Whitney, Project Delivery Manger
Grace Zhuang, Accounting and Administration Specialist

Public: Kevin Hagerty, San Rafael
Al Dugan, Novato

Chairperson V-Anne Chernock called the Citizens' Oversight Committee meeting to order at 5:05 p.m.

1. Introductions and Welcome

Introductions were made around the room.

2. Review and Approval of May 15, 2017 Meeting Minutes (Action)

Member Joy Dahlgren moved to approve the minutes of May 15, 2017 meeting, and Vice-Chairperson Peter Pelham seconded the motion. The minutes were approved with one abstention (Member Robert Burton).

3. TAM Staff Report (Information)

Executive Director (ED) Dianne Steinhauser discussed the changes to the High Occupancy Vehicle (HOV) lane hours of operation proposed by the MTC (Metropolitan Transportation Commission) and the resolution made by the TAM Board at its April 27, 2017 meeting. She explained that the HOV

operation hour changes proposed by MTC are for the southbound HOV lane in the mornings as part of a three month pilot program from October to December. ED Steinhauser said the proposal to extend the HOV hours from 6:30 a.m. to 9 a.m. would be discussed by the Board at either the August or September meeting. She reviewed the pros and cons of the proposal, noting that regular congestion would be extended. She also listened to concerns and questions from the COC members regarding the impacts on non-HOV lane users and traffic in general, the currently most congested areas, potential increase in public transit users, potential increase in carpool users, commuters who may adjust the hours of their commute to avoid the restrictions, issues with enforcement of the hours, congestion from the merge with Highway 37, what the change in hours is supposed to accomplish, and whether single-occupied fuel-efficient cars will still qualify for use of the HOV lanes.

ED Steinhauser continued her report with information about recent legislation regarding a potential increase in bridge tolls and projects that will qualify for use of bridge toll funds, projects recommended by the TAM Board in March that could qualify for corridor capital specific projects, which include funding requested for Marin Sonoma Narrows (MSN), San Rafael Transit Center Reconstruction, 101/580 Interchange, and Highway 37. ED Steinhauser noted that planned toll increases would need 50% plus 1 approval by voters in the nine bay area counties, including Sonoma and Napa.

A. Update of LGS/CalPERS Contract Issue

ED Steinhauser discussed recent issues with CalPERS and accrual of service credit for TAM employees hired through LGS (Local Government Services), which was discovered in an annual audit of LGS conducted by CalPERS. She reviewed options offered to the employees, subsequent action taken by the TAM Board to ensure the affected employees do not lose their service credits, and the significance of the transfer of benefits needs to be completed.

At ED Steinhauser's request, Chief Financial Officer Li Zhang discussed the retirement plan for employees hired after January 2013, based on state legislation enacted at that time that reduces retirement costs, and the retirement options for those who joined TAM before that date. She said the transfer to CalPERS would maintain the same benefit levels provided to current employees.

Staff responded to questions/comments from the Committee regarding unfunded pension liability, the timeframe for action by the Board and implementation and confirmation that all employees will then be considered employees of TAM. They further reviewed TAM's past relationship with LGS, as well as confirming that TAM employee benefits are funded not only by Measure A and Measure B funding, but all the federal, state, regional and local funding sources TAM receives for various projects and programs.

4. Strategic Vision Plan Draft for Public Review (Discussion)

Scott McDonald, Senior Transportation Planner, presented the staff report, noting that the draft Strategic Vision Plan should be released for public comment next week. He also discussed the preview that the COC will receive before release of the draft, noting that the Vision Plan is an update to the 2003 vision plan document and provides a good overview of the work that has been accomplished and a comparison of what they hoped to achieve when TAM was established. Mr. McDonald discussed other components in the document, including TAM's vision of the future, topics related to transportation technology, and he indicated that comments or suggestions from the COC would be welcomed. ED Steinhauser added that the public comment period would be 60-days.

5. Electrical Vehicle Program Update (Information)

Principal Project Delivery Manager, Nick Nguyen, presented the staff report, discussing highlights of the EV (Electric Vehicle) program, the program budget recently approved by the TAM Board, components included as part of this fiscal year's program, as part of Measure B Element 3 - the reduction of

pollution and congestion in Marin. Mr. Nguyen explained the allocations of the Element 3 funding to EV charging stations and infrastructure, EV vehicles, public education, and EV rebates. He also stated that Marin holds second place among bay area counties for per capita EV ownership, at 10 EV per 1,000 residents, with Santa Clara in first place at 15 EV per 1,000 residents. He noted that TAM also tracks and promotes alternative fuels, including synthetic, renewable diesel which he discussed.

Mr. Nguyen also responded to questions/comments from the Committee, such as costs for the EV charging stations, locations of free charging stations, payment methods used for the stations if not free, the provision of funds from the EV program for two electric buses for Marin Transit, amount of carbon dioxide savings expected once Marin Transit converts to electric vehicles, consideration given to hydrogen fuel cells, Marin's sole hydrogen fuel station in Mill Valley, and concerns about the sometimes overtaxed electricity grid in the bay area.

6. Committee Member Hot Items Report (Information)

Member Burton commented on an article he wrote for *Marin Voice* about 18 months ago regarding the third lane for the San Rafael Bridge and difficulties with the merge that should be resolved before spending a great deal of money moving the retaining wall on the other end of the bridge on Richmond Parkway. Member Burton believed that the removal of the retaining wall may not even be necessary if the merge problem can be resolved. He indicated that a recent article in the *Marin Independent Journal* had predicted the finish date for the project could be delayed by several months. Member Burton noted also that he has since written a letter to the editor expressing his earlier concerns, and he encouraged other Committee members do the same.

The Committee discussed other contributing factors and changes in traffic patterns that have created the merge difficulties, including surface street traffic issues and common courtesies that seem to be lacking.

7. Discussion of Next Meeting Date and Recommended Items for the Agenda

In response to Chairperson Chernock, Ms. Zhang confirmed that COC alternates are invited to attend the Expenditure Plan Advisory Committee (EPAC) meetings, along with the members.

The next date was tentatively set for September 18, 2017.

8. Open Time for Public Input

As no members of the public wished to speak, the meeting was adjourned at 5:53 p.m.



DATE: November 20, 2017

TO: Transportation Authority of Marin Citizens' Oversight Committee

FROM: Li Zhang, Chief Financial Officer

SUBJECT: Review and Acceptance of FY2016-17 Draft Financial Statements and Single Audit Report (Action), Agenda Item No. 4

RECOMMENDATION:

The TAM Citizens' Oversight Committee reviews the Draft TAM FY2016-17 Financial Statements and Single Audit Report and refers it to the TAM Board for acceptance.

BACKGROUND:

TAM is required by its Measure A ½ Cent Transportation Sales Tax Expenditure Plan and PUC Code 180105(c) to conduct an annual financial audit. TAM staff, along with TAM's audit team from Vavrinek, Trine, Day & Co., LLP, started the work on the FY2016-17 financial audit in June of this year and the final field visit was conducted the first week of October. As required by the Measure A ½ Cent Transportation Sales Tax Expenditure Plan, the COC is asked to review and accept the final audit reports at its November 20, 2017 meeting and report the results to the Marin citizens in its FY2016-17 COC Annual Report.

DISCUSSION/ANALYSIS:

Components of the FY2016-17 Financial Audit and Single Audit Reports

The Draft Financial Audit Report includes the following elements: Independent Auditors' Report, Management's Discussion and Analysis, Basic Financial Statements, Notes to Basic Financial Statements, Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, and Independent Auditor's Report on Compliance.

The Draft Single Audit report includes the following elements: Independent Auditor's Report, Schedule of Expenditure of Federal Awards, Notes to the Schedule of Expenditures of Federal Awards, Schedule of Findings and Questioned Cost, and Summary Schedule of Prior Year Audit Findings, if any.

Results of the FY2016-17 Financial and Single Audits

The Auditor has certified that all of TAM's financial statements are presented fairly in all material aspects, has certified the financial position of the governmental activities and each major fund on June 30, 2017, and the respective changes in financial position thereof and the budgetary comparison for the special revenue

funds for the year then ended in conformity with U.S. generally accepted accounting principles, as well as the accounting system prescribed by the State Controller's Office and state regulations governing special districts.

The auditor also confirmed that its tests during the Single Audit process disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Confirmation of Compliance of the 5% Administration Cost Cap Requirement in Measure A

The Expenditure Plan allows TAM to use up to 5% of the Measure A revenue for administration costs, of which 1% can be used for salaries and benefits for administrative staff and 4% can be used for overall project/program support. The Measure A compliance audit conducted for FY2016-17 confirmed that TAM is in compliance with the 5% overall administration cost ceiling and under the 1% administrative staff cost cap mandated by Measure A.

FISCAL CONSIDERATION:

The audit is being conducted within budget.

NEXT STEPS:

N/A

ATTACHMENTS:

- Attachment 1: Draft TAM FY2016-17 Financial Statements
- Attachment 2: Draft TAM FY2016-17 Single Audit Report
- Attachment 3: Auditor's Communication Letter

**TRANSPORTATION AUTHORITY
OF MARIN
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2017**

TRANSPORTATION AUTHORITY OF MARIN

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TRANSPORTATION AUTHORITY OF MARIN

BOARD OF COMMISSIONERS

JUNE 30, 2017

STEPHANIE MOULTON-PETERS

JUDY ARNOLD

DAMON CONNOLLY

KATIE RICE

KATHRIN SEARS

DENNIS RODONI

ALICE FREDERICKS

DAN HILLMER

DIANE FURST

ERIC LUCAN

TOM MCINERNEY

GARY PHILLIPS

JOHN REED

RAY WITHY

P. BEACH KUHL

JAMES CAMPBELL

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Authority, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated [REDACTED], 2017, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering of the Authority's internal control over financial reporting and compliance.

Palo Alto, California
[REDACTED], 2017

TRANSPORTATION AUTHORITY OF MARIN**MANAGEMENT'S DISCUSSION AND ANALYSIS****JUNE 30, 2017**

This section of the Transportation Authority of Marin's (Authority) financial statements presents management's overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2017. We encourage the reader to consider the information presented here in conjunction with the financial statements as a whole.

FINANCIAL HIGHLIGHTS

The Authority collected a total of \$36.7 million in revenues in FY2016-17, of which \$25.8 million, or 70.2% is Measure A ½ Cent Transportation Sales Tax revenue. We have seen steady growth of the sales tax revenue in Marin County for the last six years. The Authority's \$25.8 million Measure A ½ Cent Transportation Sales Tax collection in 2016-17 is \$0.1 million, or 0.2% higher than the \$25.7 million collected in FY2015-16. This continuing health revenue improvement will help the financial picture of all the transportation projects and programs in Marin County. A total of \$2.4 million was collected under Measure B, the \$10 Vehicle Registration Fee (VRF) program in FY2016-17. The Measure A Sales Tax and Measure B VRF revenues are the two dedicated local transportation funding sources and vital to the successful implementation of all transportation projects and programs in Marin County.

Besides the Measure A ½ Cent Transportation Sales Tax revenues and the Measure B VRF revenue collection for carrying various transportation-related projects and programs in the County, the Authority also received about \$8.1 million for all its Congestion Management Authority (CMA) related activities. As the CMA for Marin County, the Authority collected about \$0.8 million from the Metropolitan Transportation Commission (MTC) in Congestion Management Planning and Programming and Priority Development Area (PDA) funds. Cities, towns, and the County of Marin also contributed \$0.6 million for the various services/support the Authority provides as the CMA. A total of \$5.6 million Regional Measure 2 (RM2) funds were received for various RM2 capital projects in Marin County. The Authority collected about \$0.4 million in Transportation Funds for Clean Air (TFCA) funds, a program funded by a \$4 surcharge on motor vehicles registered in the Bay Area. A total of \$0.7 million of STIP Regional Improvement Program (RIP) and Highway Bridge Program funds were received from the State and Federal Highway Administration (FHWA) for the various Marin Sonoma Narrows projects.

The Authority holds investments with the CalTRUST pool amounts to \$47,090,753. Total interest revenue received from various CalTRUST funds during FY2016-17 is \$526,338. As of June 30, 2017, the unrealized loss from the various accounts is \$403,863. Including the funds in the Bank of Marin and CalTRUST, the Authority has a total cash/investment balance of \$50.5 million as of June 30, 2017.

Total FY2016-17 expenditures for the Authority were \$39.8 million, of which \$27.7 million was in the Measure A Sales Tax Fund, and consisted of \$1.4 million for administration, \$0.8 million for professional services, \$25.5 million for Measure A projects and programs and \$0.1 million for others. Expenditures for all Measure B VRF programs were \$3.8 million. The other \$8.3 million expenditures are for various CMA planning/programming activities and major capital projects.

TRANSPORTATION AUTHORITY OF MARIN**MANAGEMENT'S DISCUSSION AND ANALYSIS****JUNE 30, 2017**

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

The required financial statements include the Government-wide Financial Statements which include the Statement of Net Position and the Statement of Activities. The Governmental Fund financial statements include Governmental Funds Balance Sheet, and the Governmental Fund Statement of Revenues, Expenditures and Changes in the 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 the Authority.

THE BASIC FINANCIAL STATEMENTS

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

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

All of the Authority's activities are grouped into Governmental Activities, as explained below.

The Fund Financial Statements report the Authority's operation in more detail than the Governmental-wide Financial Statements and focus primarily on the short-term activities of the Authority's Major Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances and exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of the Authority and are presented individually. All funds of the Authority qualify or have been selected to be Major Funds and are explained below.

THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

Government Activities

The Authority'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.

TRANSPORTATION AUTHORITY OF MARIN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

FUND FINANCIAL STATEMENTS

The Fund Financial Statements provide detailed information about each of the Authority'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 the Authority for the fiscal year, and may change from year to year as a result of changes in the pattern of the Authority's activities.

The Authority currently has four active governmental funds. Following is a discussion of the results of operations of each fund during FY2016-17.

General Fund

This Fund accounts for the revenues and expenditures of the Authority'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 \$7.9 million for various transportation planning and programming activities, and capital projects management, and received a total of \$7.7 million in revenue in FY2016-17.

The fund's fiscal year-end balance is \$1.8 million. The Fund balance represents funds that have not yet been expended but are restricted for various congestion management activities.

BAAQMD/ TFCA Fund

This Fund accounts for the revenues and expenditures for the Transportation for Clean Air (TFCA) capital grant that 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. Revenue received in FY2016-17 is \$367,644. The Fund spent \$344,236 on such activities in FY2016-17.

The Fund's fiscal year-end balance is \$1.1 million, representing funds that have not yet been expended but are restricted for air quality control and improvement projects.

Measure A Sales Tax Fund

This fund accounts for the revenues and expenditures for the projects and programs set forth by the voters in the Authority's Measure A Transportation Sales Tax Expenditure Plan, approved by Marin voters in November 2004. \$25.8 million in revenue was collected in FY2016-17. The Fund spent \$27.7 million on various Measure A related activities, with \$1.4 million for administration, \$0.8 million for professional services, \$25.5 million for Measure A projects and programs and \$0.1 million for others.

The Fund's fiscal year-end balance is \$40.2 million, representing funds that have not yet been expended but are restricted for various projects and programs according to the Measure A Expenditure Plan.

TRANSPORTATION AUTHORITY OF MARIN**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Measure B Vehicle Registration Fee

Under Senate Bill 83, the CMA may place an initiative on the County ballot to obtain up to \$10 in additional revenue from vehicle registration payments. In 2009, the Authority began evaluating the viability for obtaining revenues and the possibility of supporting a variety of underfunded transportation efforts. The process resulted in a ballot measure, Measure B, for simple majority approval to fund various exciting transportation projects and programs through the vehicle registration fee increases in the November 2010 election. With the strong support for the much needed transportation projects/programs around the County, Measure B, the \$10 vehicle registration fee increase, was passed successfully with a 63.5% approval rate.

Revenue collected from the Measure B program will help reduce traffic congestion, maintain roads, improve safety, and reduce air pollution by maintaining local and residential streets and pathways; funding transportation options for seniors and disabled persons; funding local pothole repair; providing school crossing guards and safe access to schools; and reducing commute trip congestion and supporting a cleaner environment. The Fund collected \$2.4 million in FY2016-17 and spent over \$3.8 million on various Measure B programs. Fund balance as of June 30, 2017 is \$2.5 million.

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 Statements.

Comparisons of Budget and Actual financial information are presented for all Funds of the Authority.

TRANSPORTATION AUTHORITY OF MARIN**MANAGEMENT'S DISCUSSION AND ANALYSIS****JUNE 30, 2017**

ANALYSES OF GENERAL FUNDS BUDGET**Original Budget Compared to Final Budget**

During the year there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations.

Final Budget Compared to Actual Results

Total general fund expenditures for FY2016-17 were \$7.9 million, \$3.5 million lower than the budgeted amount. Spending level for the Administration Category was almost the same as the \$1.5 million budgeted. The Authority spent \$2.1 million under the Professional Services Category; \$1.3 million lower than budgeted, mostly due to the slower than expected project spending for various capital projects as well as several planning efforts. The Authority spent approximately \$4.4 million for the Program/project category whereas the budgeted amount was about \$2.1 million higher than the actual spending. This was because the revenue related to the project of Central Marin Ferry Connector was not recognized and accordingly the corresponding expenditures were not spent in the current fiscal year.

Total general fund revenues were \$7.7 million, \$3.3 million lower than the budgeted amount, which is mostly a combination of the non-recognition of the project revenue of Central Marin Ferry Connector for \$4.5 million, which was mostly recognized in FY2015-16, and a \$0.7 million shortage of MTC's STP/CMAQ Planning Fund and OBAG Grants offset by a surplus of Regional Measure 2 revenues for \$2.8 million.

TRANSPORTATION AUTHORITY OF MARIN

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Table 1
Condensed Statement of Net Position

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Assets			
Cash and Investments	\$ 50,499,865	\$ 51,884,455	\$ 43,884,026
Sales Tax Receivable	4,969,768	4,670,503	4,687,979
Accounts Receivable	6,587,704	5,403,878	3,456,392
Prepaid Items	21,444	21,444	40,496
Total Assets	<u>62,078,781</u>	<u>61,980,280</u>	<u>52,068,893</u>
Liabilities			
Current Liabilities			
Accounts Payable	12,238,425	9,187,709	5,644,771
Unearned Revenue	3,183,868	3,063,343	3,128,343
Noncurrent Liabilities			
Due within One Year	-	-	953,855
Total Liabilities	<u>15,422,293</u>	<u>12,251,052</u>	<u>9,726,969</u>
Net Position			
Restricted	46,656,488	49,729,228	42,341,924
Total Net Position	<u>\$ 46,656,488</u>	<u>\$ 49,729,228</u>	<u>\$ 42,341,924</u>

The Statement of Net Position summarizes the Authority's assets and liabilities with the difference of the two reported as net position. Table 1 summarizes the net position of governmental activities for the fiscal year ended June 30, 2017, June 30, 2016 and June 30, 2015.

The Authority's governmental net position was \$46.7 million as of June 30, 2017, and comprised of the following:

- Cash and Investments of \$50.5 million in the CalTRUST and deposits with financial institutions.
- Receivables and Prepaid Items of \$11.6 million in sales tax and other accounts receivables.
- Liabilities, including all accounts payables and unearned revenues, totaling \$15.4 million.
- Total net position for the Authority was \$46.7 million as of June 30, 2017, which were all restricted for various transportation projects and programs.

TRANSPORTATION AUTHORITY OF MARIN

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Table 2
Condensed Statement of Activities

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Change</u>
Revenues			
Program Revenue:			
Operating Grants and Contributions	\$ 8,024,309	\$ 8,535,259	\$ (510,950)
Total Program Revenues	8,024,309	8,535,259	(510,950)
General Revenue:			
Sales Tax	26,147,374	25,698,829	448,545
Vehicle Registration Fee	2,399,640	2,376,492	23,148
Interest	-	37,220	(37,220)
Investment Income (CalTrust)	526,338	351,877	174,461
Investment Unrealized Gain/(Loss)	(403,863)	293,173	(697,036)
Total General Revenues	28,669,489	28,757,591	(88,102)
Expenses			
Administration	3,013,630	2,857,963	155,667
Professional Services	2,965,064	1,717,395	1,247,669
Program/Project	29,260,871	20,413,522	8,847,349
Interagency Agreement	4,526,973	4,902,359	(375,386)
Other	-	14,308	(14,308)
Total Expenses	39,766,538	29,905,547	9,860,991
Changes in Net Position	(3,072,740)	7,387,303	(10,460,043)
Net Position - Beginning	49,729,228	42,341,925	7,387,303
Net Position - Ending	\$ 46,656,488	\$ 49,729,228	\$ (3,072,740)

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

As Table 2 shows, \$8.0 million or 21.9% of the Authority's FY2016-17 governmental revenues, came from program revenues and \$28.7 million, or 78.1%, came from general revenues such as Measure A sales taxes, Measure B vehicle registration fee (VRF) and interest revenue.

Measure A Sales Tax revenues are the largest revenue for the Authority, and represent about 71.3% of the Authority's FY2016-17 revenues. Sales tax revenues are general revenues that are spent under the guidelines of the Expenditure Plan approved by Marin County voters in November 2004. Measure B VRF revenue is another voter approved dedicated transportation fund source for Marin County. \$2.4 million was collected in FY2016-17 under this funding source. Interest earnings are also part of the general revenues.

TRANSPORTATION AUTHORITY OF MARIN**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Program 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 planning funds from MTC, the STIP/PPM funds from the California Transportation Commission (CTC). Total Operating Grants and Contribution for FY2016-17 is \$8.0 million.

Economic Outlook and Future Projections

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

With the steady growth of the Measure A sales tax revenues collection and reliable revenue stream from the Measure B VRF, the Authority will be able to continue many of the vital transportation projects/programs in Marin. The Authority hopes funding level from various federal and state resources will be stabilized in the upcoming fiscal year. All those steady revenue sources will help the financial picture of all the transportation projects and programs in Marin County.

On the expenditure side, the Authority was able to find adequate cash for the needs of various capital projects in FY2017-18 and expects this to remain the same in the upcoming fiscal year.

Request for Information

This Financial Report is intended to provide citizens, taxpayers and creditors with a general overview of the Authority'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, 900 Fifth Ave, Suite 100, San Rafael, CA 94901; (415) 226-0815.

TRANSPORTATION AUTHORITY OF MARIN

STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
ASSETS	
Cash and Investments	\$ 50,499,865
Sales Tax Receivable	4,969,768
Accounts Receivable	6,587,704
Prepaid Items	21,444
Total Assets	62,078,781
LIABILITIES	
Accounts Payable	12,238,425
Unearned Revenue	3,183,868
Total Liabilities	15,422,293
NET POSITION	
Restricted for:	
BAAQMD-TFCA Project	1,148,177
Measure A Sales Tax Project	41,151,805
Measure B VRF Projects	2,548,561
Congestion Management Projects	1,807,945
Total Net Position	\$ 46,656,488

The accompanying notes are an integral part of the financial statements.

TRANSPORTATION AUTHORITY OF MARIN

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Operating	Grants and Contributions	
Governmental Activities:				
Congestion Management:				
Administration	\$ 3,013,630	\$ 1,398,923		\$ (1,614,707)
Professional Services	2,965,064	2,176,633		(788,431)
TFCA Programs/Projects	276,856	361,471		84,615
Measure A Sales Tax Programs/Projects	25,351,395	-		(25,351,395)
Measure B VRF Programs/Projects	3,632,620	-		(3,632,620)
Interagency Agreement	4,526,973	4,087,282		(439,691)
Total Governmental Activities	\$ 39,766,538	\$ 8,024,309		(31,742,229)
General Revenues:				
				26,147,374
				2,399,640
				122,475
				28,669,489
				(3,072,740)
				49,729,228
				\$ 46,656,488

The accompanying notes are an integral part of the financial statements.

TRANSPORTATION AUTHORITY OF MARIN

BALANCE SHEET- GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	BAAQMD/ TFCA Fund	Measure A Sales Tax Fund	Measure B VRF Fund	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 3,286,128	\$ 1,236,339	\$ 43,455,143	\$ 2,522,255	\$ 50,499,865
Sales Tax Receivable	-	-	4,969,768	-	4,969,768
Accounts Receivable	5,976,787	186,867		424,050	6,587,704
Prepaid Items	-	-	21,444	-	21,444
Total Assets	\$ 9,262,915	\$ 1,423,206	\$ 48,446,355	\$ 2,946,305	\$ 62,078,781
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 4,271,102	\$ 275,029	\$ 7,294,550	\$ 397,744	\$ 12,238,425
Unearned Revenues	3,183,868	-	-	-	3,183,868
Total Liabilities	7,454,970	275,029	7,294,550	397,744	15,422,293
Deferred Inflows of Resources:					
Unavailable Revenues	-	-	966,453	-	966,453
Fund Balances:					
Nonspendable	-	-	21,444	-	21,444
Restricted for:					
BAAQMD/TFCA	-	1,148,177	-	-	1,148,177
Measure A Sales Tax	-	-	40,163,908	-	40,163,908
Measure B VRF	-	-	-	2,548,561	2,548,561
Congestion Management	1,807,945	-	-	-	1,807,945
Total Fund Balances	1,807,945	1,148,177	40,185,352	2,548,561	45,690,035
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,262,915	\$ 1,423,206	\$ 48,446,355	\$ 2,946,305	\$ 62,078,781

The accompanying notes are an integral part of the financial statements.

TRANSPORTATION AUTHORITY OF MARIN

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

Amount reported for governmental activities in the statement of net position are different because:

Fund Balances of Governmental Funds		\$ 45,690,035
Revenues collected outside the measurement period of the Governmental Funds are deferred on the Balance Sheet. However, these revenues are considered to be earned on the Statement of Activities.		966,453
Total Net Position - Governmental Activities		\$ 46,656,488

The accompanying notes are an integral part of the financial statements.

TRANSPORTATION AUTHORITY OF MARIN

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	General	BAAQMD/TFCA	Measure A	Measure B	Total
	Fund	Fund	Sales Tax Fund	VRF Fund	Governmental
					Funds
REVENUES					
Measure A Sales Tax Revenue	\$ -	\$ -	\$ 25,755,762	\$ -	\$ 25,755,762
Measure B VRF Revenue	-	-	-	2,399,640	2,399,640
Cities/Towns and County Contribution	559,000	-	-	-	559,000
Investment Income (CalTrust)	30,222	14,141	442,120	39,855	526,338
Investment Unrealized Gain/Loss	(18,747)	(7,968)	(348,889)	(28,259)	(403,863)
MTC STP/CMAQ Planning Fund and OBAG Grants	738,309	-	-	-	738,309
PDA Planning Funds	13,000	-	-	-	13,000
MTC Regional Measure 2 Fund	5,597,422	-	-	-	5,597,422
Transportation For Clean Air Funding	-	361,471	-	-	361,471
Federal Highway Bridge Program Fund	82,663	-	-	-	82,663
State STIP/PPM Fund	85,475	-	-	-	85,475
STIP/RTIP/IIP Fund	580,499	-	-	-	580,499
MTC Grant for Youth Transit Program/CMAQ	14,069	-	-	-	14,069
CMFC NTPP/CMAQ Pass-through	(7,599)	-	-	-	(7,599)
Total Revenues	7,674,313	367,644	25,848,993	2,411,236	36,302,186
EXPENDITURES					
Congestion Management - Current:					
Administration	1,380,849	18,074	1,445,699	169,008	3,013,630
Professional Services	2,127,327	49,306	788,431	-	2,965,064
TFCA Programs/Projects	-	276,856	-	-	276,856
Measure A Sales Tax Programs/Projects	-	-	25,351,395	-	25,351,395
Measure B VRF Programs/Projects	-	-	-	3,632,620	3,632,620
Interagency Agreement	4,406,101	-	120,872	-	4,526,973
Total Expenditures	7,914,277	344,236	27,706,397	3,801,628	39,766,538
Net Change in Fund Balances	(239,964)	23,408	(1,857,404)	(1,390,392)	(3,464,352)
Fund Balance - Beginning	2,047,909	1,124,769	42,042,756	3,938,953	49,154,387
Fund Balance - Ending	\$ 1,807,945	\$ 1,148,177	\$ 40,185,352	\$ 2,548,561	\$ 45,690,035

The accompanying notes are an integral part of the financial statements.

TRANSPORTATION AUTHORITY OF MARIN

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Amount reported for governmental activities in the statement of activities are different because:

NET CHANGE IN FUND BALANCES	\$ (3,464,352)
Governmental funds defer certain revenues that are not recognized with the Authority's accrual period such as sales tax. On the Statement of Activities, however, the amounts are considered to be earned and are recognized as revenues in the current period.	391,612
Change in Net Position of Governmental Activities	\$ (3,072,740)

The accompanying notes are an integral part of the financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

On March 2, 2004, the Marin County Board of Supervisors created the Transportation Authority of Marin (the Authority) 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 the Authority and designated the Authority as the Congestion Management Authority for Marin County.

The Authority’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, the Authority now manages the implementation of the transportation projects and programs financed by the ½-cent, 20 years sales tax. The Authority also serves as the designated Congestion Management Authority (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, the Authority plays a leading role in planning, financing, and implementation of transportation projects and programs in Marin County.

The Authority’s 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 interest groups prioritizes infrastructure improvements and makes recommendations to the Authority. 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, reports directly to the public on issues related to the Measure A sales tax and Measure B VRF revenues and expenditures.

Basis of Presentation

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

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Authority’s activities. Direct expenses are those 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 operations or capital requirements of a particular program. Revenues 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 on a separate column.

TRANSPORTATION AUTHORITY OF MARIN**NOTES TO BASIC FINANCIAL STATEMENTS****JUNE 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**Major Funds**

Generally accepted accounting principles defines major funds and requires that the Authority's major governmental type funds be identified and presented separately in the fund financial statements. The Authority has determined that all of its funds are major funds.

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 revenues 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 ½ Cent Transportation 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.

Measure B VRF Fund - This fund accounts for revenues and expenditures for the projects and programs set forth by the voters in the Authority's \$10 Vehicle Registration Fee Expenditure Plan, approved by the Marin voters in November 2010.

TRANSPORTATION AUTHORITY OF MARIN**NOTES TO BASIC FINANCIAL STATEMENTS****JUNE 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**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* measurements 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 180 days after fiscal year-end, except for sales tax revenues which are accrued for if received 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 assets acquisitions are reported as *expenditures* in governmental funds. Proceeds of long-term debt and acquisition under capital leases or other long-term debt 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 nonexchange transactions are recognized when they become susceptible and in the accounting period when they become available and measurable in the governmental funds.

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 positions available to finance the program. The Authority's policy is to first apply restricted resources to such programs, followed by general revenues.

Budget and Budgetary Accounting

The budget for expenditures is adopted on the budgetary basis, which is consistent with accounting principles generally accepted in the United States of America. The budget for revenues and expenditures is adopted by the Board annually by fund, therefore the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual is presented for each governmental fund.

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.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Net Position and Fund Balances

Government-wide Financial Statements

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

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

Unrestricted Net Position - This amount consists of all net assets that do not meet the definition of “net investments in capital assets” or “restricted net position”.

Fund Financial Statements

Fund Balances - Restrictions of fund balances of governmental funds are amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation. The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in a spendable form such as prepaid items or inventories, or are legally or contractually required to be maintained intact. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. The Authority had no committed or assigned fund balances as of year-end.

Unassigned fund balance is the residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications.

Spending Order Policy

When expenses are incurred for both restricted and unrestricted fund balances available, the Authority considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the Authority considers amounts to have been spent first out of committed funds then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Unearned Revenue

Under modified accrual basis of accounting used by governmental funds, revenues are recognized as soon as they are measurable and available. Under the full accrual basis of accounting used by the government-wide financial statement, revenues are recognized when earned. Thus, the government-wide statement of net position and governmental funds defer revenue recognition for resources that have been received at fiscal year-end, but not yet earned.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of net position and the balance sheet will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from sales tax. This amount is deferred and recognized as an inflow of resources in the period that the amount is available.

Investment Valuations

The Authority recognizes the fair value measurement of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority's investments in the CalTrust Pool are uncategorized as deposits and withdrawals are made on the basis of \$1 and not fair value.

NOTE 2 – CASH AND INVESTMENTS

Classification

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

Cash and Investments, Statement of Net Position			\$ 50,499,865
Cash and Investments as of June 30, 2017 consist of the following:			
Bank of Marin			\$ 3,409,112
Deposits with CalTrust			47,090,753
Total Cash and Investments			\$ 50,499,865

TRANSPORTATION AUTHORITY OF MARIN

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 2 – CASH AND INVESTMENTS - continued

Investment Authority 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 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:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (LAIF)	None	None	\$50 million
Certificates of Deposit	2 years	30%	None
U.S. Treasury Obligations	2 years	None	None
U.S. Agency Obligations	2 years	None	None
U.S. Government Securities	2 years	None	None
State of California and Local Agency Bonds	2 years	None	None
Bankers Acceptances	180 days	30%	30%
Medium-Term Notes	2 years	30%	None
Money Market Mutual Funds	None	20%	10%
Commercial Paper	270 days	25%	None
California Investment Trust	None	None	None
Marin County Cash Pool	None	None	None
Repurchase Agreements	1 year	None	None

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	Totals	Remaining Maturity 12 Months or Less
Deposits with CalTrust	47,090,753	47,090,753
Total	\$ 47,090,753	\$ 47,090,753

TRANSPORTATION AUTHORITY OF MARIN**NOTES TO BASIC FINANCIAL STATEMENTS****JUNE 30, 2017**

NOTE 2 – CASH AND INVESTMENTS - continued**Disclosures Relating to Credit Risks**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority's investments with CalTrust are invested in short term and medium term funds for a total of \$47,090,753. CalTrust is unrated but the Authority's investment in the amount of \$1,839,149 in the short term fund is rated AA and the Authority's investment in the medium term fund in the amount of \$45,251,604 is rated A by S&P.

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, 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 investments 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 53652 requires that a financial institution secure deposits made by state or local government 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 pledge securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institution to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining balance was collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code described above.

NOTE 3 – OPERATING LEASE**Operating Lease**

The Authority entered into a five-year lease to rent 7,621 square feet of office space at 900 Fifth Ave, Suite 100 in Downtown San Rafael in 2015. The base rent commences at \$19,052 per month and ends at \$21,444 per month.

TRANSPORTATION AUTHORITY OF MARIN**NOTES TO BASIC FINANCIAL STATEMENTS****JUNE 30, 2017**

NOTE 4 – EMPLOYMENT AGREEMENT

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)/Regional Government Service (RGS), for all its eleven employees. LGS/RGS provides staffing, payroll, insurance and various other administrative services to small governmental agencies throughout California. The Authority pays LGS hourly rates for each employee's hours worked during the year. The hourly rates for each employee include salary, fringe benefits, insurance costs, costs of retirement liabilities and other postemployment benefits (OPEB), and a flat administration fee for all service provided. The Authority prepays the expected monthly fee prior to the service month.

Because the Authority has no employees of its own, there are no accrued payroll or compensated absence liabilities on the books of the Authority. Any benefits or accrued compensation due to the employees are the responsibility of LGS / RGS and already reflected in the rates charged.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Authority is subject to litigation arising in the normal course of business. In the opinion of the Authority's attorney, there is no pending litigation which is likely to have a material adverse effect on the financial position of the Authority. 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.

The Authority has various cooperative agreements with governmental entities and contracts with vendors. As of June 30, 2017, the Authority's total outstanding commitments were approximately \$59.8 million, with \$43 million expended and \$37.4 million still outstanding as of June 30, 2017.

NOTE 6 – RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; theft of; damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority carries commercial insurance through Alliant Insurance Services, Inc. for general liability, automobile, property coverage, and public officials' errors and omissions.

Coverage is as follows:

- a) General liability - \$ 1,000,000 each occurrence.
- b) Damage to rented premises - \$1,000,000 each occurrence.
- c) Automobile liability - \$1,000,000 each accident.
- d) Public officials errors and omissions - \$1,000,000 each occurrence and annual aggregate.
All deductibles are \$2,500.

Crime coverage for LGS employees is provided by Alteris Insurance and is limited to \$1,000,000, with a \$50,000 deductible. There were no claims that exceeded the insurance coverage amounts in the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

TRANSPORTATION AUTHORITY OF MARIN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

				Variances - Positive (Negative) Final to Actual
	Original	Final	Actual	
REVENUES				
Cities/Towns and County Contribution	\$ 559,000	\$ 559,000	\$ 559,000	\$ -
Interest Revenue	14,000	14,000	30,218	16,218
MTC STIP/CMAQ Planning Fund and OBAG Grants	1,314,740	1,314,740	738,309	(576,431)
PDA Planning Funds	85,729	85,729	13,000	(72,729)
MTC Regional Measure 2 Fund	2,755,516	2,755,516	5,597,422	2,841,906
State STIP PPM Fund	49,986	49,986	85,475	35,489
STIP/RTIP/ITIP Funds	1,262,306	1,262,306	580,500	(681,806)
Federal Highway Bridge Program Fund	247,691	247,691	82,663	(165,028)
Nonmotorized Transportation Pilot Program Fund	27,000	27,000	(7,599)	(34,599)
MTC Climate Initiatives Program Grant/CMAQ	125,000	125,000	14,069	(110,931)
CMFC NTPP/CMAQ Pass-through	4,500,000	4,500,000	-	(4,500,000)
Total Revenues	10,940,968	10,940,968	7,693,057	(3,247,911)
EXPENDITURES				
Administration:				
Salaries & Benefits	1,278,652	1,278,652	1,207,911	70,741
LGS Insurance and HR/Payroll Service Cost	120,627	120,627	134,212	(13,585)
Office Supplies	5,000	5,000	63	4,937
Legal Services	30,000	30,000	24,107	5,893
Document Reproduction	10,000	10,000	3,338	6,662
Memberships	20,000	20,000	2,680	17,320
Travel/Meetings/Conferences	12,000	12,000	6,861	5,139
Carshare Membership	1,500	1,500	-	1,500
Professional Development	2,500	2,500	1,260	1,240
Human Resources/Board Support	10,000	10,000	-	10,000
Misc. Expenses	2,500	2,500	417	2,083
Professional Services:				
CMP Update/Traffic Monitoring	60,000	60,000	107,270	(47,270)
Traffic Model Maintenance & Update	200,000	200,000	108,292	91,708
Trip Monitoring and Reporting	85,000	85,000	-	85,000
Countywide Bike/Pedestrian Plan Update	19,000	19,000	25,645	(6,645)
Project Management Oversight	100,000	100,000	35,287	64,713
MSN B1 Redwood Landfill Interchange Design	10,000	10,000	417	9,583
MSN B3 San Antonio Curve Correction Construction Support	250,000	250,000	134,280	115,720
MSN B6 San Antonio Bridge Replacement Design	200,000	200,000	58,333	141,667
MSN L1A Orange Ave Soundwall Mitigation Design/ Construction	35,000	35,000	11,307	23,693
HOV Gap Closure Irwin Creek Mitigation Design	60,000	60,000	9,620	50,380
HOV Gap Closure Mitigation Irwin Creek Construction Management/Construction	274,231	274,231	246,302	27,929

TRANSPORTATION AUTHORITY OF MARIN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2017**

State Legislative Assistance	35,000	35,000	35,000	-
Financial Advisor/Sales Tax Audit Services	5,000	5,000	-	5,000
North-South Greenway Gap Closure PA&ED/PS&E	1,250,000	1,250,000	1,140,540	109,460
TAM Junction CM & Construction	420,000	420,000	38,482	381,518
Public Outreach Service	5,000	5,000	4,046	954
Street Smart Program Implementation	27,000	27,000	-	27,000
Carshare Pilot Program Implementation	140,000	140,000	-	140,000
Highway 101 Ramp Metering Special Study	50,000	50,000	4,351	45,649
Countywide Transportation Strategic Plan	110,000	110,000	103,978	6,022
Consulting Pool	25,000	25,000	61,853	(36,853)
CMFC Onsit Re-Vegetation Mitigation Monitoring & Reporting	-	22,000	2,324	19,676
Interagency Agreements:				
CMFC County Agreement RM2	250,000	250,000	3,966,357	(3,716,357)
CMFC - County Construction Agreement NTPP/CMAQ	4,500,000	4,500,000	-	4,500,000
CMFC - County Parks Mitigation and Monitoring Agreement	400,000	400,000	343,657	56,343
Highway 101 Ramp Metering Local Support	50,000	50,000	-	50,000
San Rafael Transit Needs and Relocation Study Funding Agreement	5,000	5,000	-	5,000
San Rafael Downtown Parking and Wayfinding Study	30,000	30,000	60,102	(30,102)
North-South Greenway (Southern Segment)- County Project Management	750,000	750,000	18,009	731,991
HOV Gap Closure Offsite Landscaping Mitigation Funding Agreement	490,000	490,000	-	490,000
SR 37 Study Funding Contribution - Agreement	-	20,000	17,976	2,024
Total Expenditures	11,328,010	11,370,010	7,914,277	3,455,733
Excess of Revenues Over (Under)				
Expenditures	(387,042)	(429,042)	(221,220)	207,822
Fund Balance - Beginning	2,047,909	2,047,909	2,047,909	-
Fund Balance - Ending - Budgetary Basis	\$1,660,867	\$1,618,867		\$ 207,822
Reconciling item				
GASB 31			(18,744)	
Fund Balance - Ending - GAAP Basis			\$1,807,945	

TRANSPORTATION AUTHORITY OF MARIN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – BAAQMD/TFCA FUND
FOR THE YEAR ENDED JUNE 30, 2017**

				Variances - Positive (Negative) Final to Actual
	Original	Final	Actual	
REVENUES				
Interest Revenue	\$ 1,000	\$ 1,000	\$ 14,141	\$ 13,141
Transportation For Clean Air Funding	356,000	356,000	361,471	5,471
Total Revenues	357,000	357,000	375,612	18,612
EXPENDITURES				
Administration:				
Salaries & Benefits	17,800	17,800	18,074	(274)
Professional Services:				
TAM Junction CM & Construction	-	-	49,306	(49,306)
TFCA Programs/Projects:				
TFCA - TDM Projects/Vanpool Incentive	16,000	16,000	9,660	6,340
TFCA - Reimbursement of Various Capital Projects	414,000	414,000	267,196	146,804
Total Expenditures	447,800	447,800	344,236	103,564
Excess of Revenues Over (Under) Expenditures	(90,800)	(90,800)	31,376	122,176
Fund Balance - Beginning	1,124,769	1,124,769	1,124,769	-
Fund Balance - Ending - Budgetary Basis	\$ 1,033,969	\$ 1,033,969		\$ 122,176
Reconciling item				
GASB 31			(7,968)	
Fund Balance - Ending - GAAP Basis			\$ 1,148,177	

TRANSPORTATION AUTHORITY OF MARIN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – MEASURE A SALES TAX FUND -
FOR THE YEAR ENDED JUNE 30, 2017**

				Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
REVENUES				
Measure A Sales Tax Revenue	\$ 25,770,000	\$ 25,770,000	\$ 25,755,762	\$ (14,238)
Interest Revenue	200,000	200,000	442,120	242,120
Total Revenues	25,970,000	25,970,000	26,197,882	227,882
EXPENDITURES				
Administration				
Salaries & Benefits	800,849	800,849	881,819	(80,970)
LGS Insurance and HR/Payroll Service Cost	74,514	74,514	97,980	(23,466)
Office Lease	240,000	240,000	239,379	621
Agencywide IT and Computer Equipment Upgrade	10,000	10,000	-	10,000
Equipment Purchase/Lease	10,000	10,000	7,886	2,114
Telephone/Internet/ Web Hosting Services	25,000	25,000	16,742	8,258
Office Supplies	25,000	25,000	26,643	(1,643)
Update/Improvement of TAM Website	30,000	30,000	20,349	9,651
Classification Study	30,000	30,000	-	30,000
Insurance	15,000	15,000	5,863	9,137
Financial Audit	21,000	21,000	20,000	1,000
Legal Services	60,000	60,000	12,418	47,582
Document Reproduction	25,000	25,000	9,897	15,103
Memberships	5,000	5,000	4,560	440
Travel/Meetings/Conferences	12,000	12,000	21,919	(9,919)
Carshare Membership	1,500	1,500	-	1,500
Electric Bike Purchase/Lease	3,000	3,000	-	3,000
Professional Development	2,500	2,500	3,270	(770)
Human Resources/Board Support	60,000	60,000	28,074	31,926
Information Technology Support	40,000	40,000	34,628	5,372
Annual Support & Upgrade of Financial System	15,000	15,000	4,918	10,082
Misc. Expenses	10,000	10,000	9,354	646
Professional Services				
Project Management Oversight	100,000	100,000	71,124	28,876
Financial Advisor/Sales Tax Audit Services	10,000	10,000	3,000	7,000
Public Outreach Service	5,000	5,000	2,280	2,720
Countywide Transportation Strategic Plan	-	-	18,359	(18,359)
Consulting Pool	40,000	40,000	17,917	22,083
Approches to the Richmond-San Rafael Bridge Project	-	950,000	573,750	376,250
580/101 Director Connector Feasibility Study	-	100,000	102,000	(2,000)
Measure A Sales Tax Programs/Projects:				
Measure A Compliance Audit	20,000	20,000	10,500	9,500
Bike/Ped Path Maintenance	137,000	137,000	45,409	91,591
Central Marin Ferry Connector - SMART Insurance Policy	25,000	25,000	15,727	9,273
Substrategy 1.1 - Local Bus Transit Service	10,000,000	10,000,000	9,024,034	975,966
Substrategy 1.2 - Rural Bus Transit System	1,100,000	1,100,000	1,061,315	38,685
Substrategy 1.3 - Special Needs Transit Services	2,572,019	2,572,019	2,180,396	391,623
Substrategy 1.4 - Bus Transit Facilities	3,250,000	3,250,000	950,801	2,299,199

TRANSPORTATION AUTHORITY OF MARIN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – MEASURE A SALES TAX FUND
CONTINUED
FOR THE YEAR ENDED JUNE 30, 2017**

Strategy 2 TE/TLC/STP Swap Project	250,000	250,000	-	250,000
Substrategy 3.1 - Major Roads	4,820,000	4,820,000	6,602,217	(1,782,217)
Substrategy 3.2 - Local Roads	3,134,400	3,134,400	3,134,400	-
Substrategy 4.1 - Safe Routes to Schools	885,000	885,000	623,921	261,079
Substrategy 4.2 - Crossing Guards	1,126,000	1,174,000	1,016,848	157,152
Substrategy 4.3 - Safe Pathways Plan Development	100,000	100,000	317,583	(217,583)
Substrategy 4.3 - Safe Pathway Capital Projects	1,000,000	1,000,000	368,245	631,755
GGT Ferry Shuttle Service Contribution Through MT	-	85,000	-	85,000
Interagency Agreements:				
County Lower Marin City Drainage Study	-	125,000	120,872	4,128
Total Expenditures	30,089,782	31,397,782	27,706,397	3,691,385
Excess of Revenues Over (Under)				
Expenditures	(4,119,782)	(5,427,782)	(1,508,515)	3,919,267
Fund Balance - Beginning	42,042,756	42,042,756	42,042,756	-
Fund Balance - Ending - Budgetary Basis	\$ 37,922,974	\$ 36,614,974		\$ 3,919,267
Reconciling item				
GASB 31			(348,889)	
Fund Balance - Ending - GAAP Basis			\$ 40,185,352	

TRANSPORTATION AUTHORITY OF MARIN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – MEASURE B VRF FUND
FOR THE YEAR ENDED JUNE 30, 2017**

				Variances - Positive (Negative) Final to Actual
	Original	Final	Actual	
REVENUES				
Measure B VRF Revenue	\$2,350,000	\$2,350,000	\$2,399,640	\$ 49,640
Interest Revenue	15,000	15,000	39,855	24,855
Total Revenues	2,365,000	2,365,000	2,439,495	74,495
EXPENDITURES				
Administration:				
Salaries & Benefits	105,965	105,965	141,860	(35,895)
LGS Insurance and HR/Payroll Service Cost	9,859	9,859	15,762	(5,903)
Telephone/Internet/ Web Hosting Services	-	-	346	(346)
Legal Services	10,000	10,000	7,863	2,137
Document Reproduction	5,000	5,000	675	4,325
Memberships	-	-	615	(615)
Travel/Meetings/Conferences	1,000	1,000	778	222
Misc. Expenses	1,000	1,000	1,110	(110)
Professional Services:				
Project Management Oversight	10,000	10,000	-	10,000
Measure B VRF Programs:				
Element 1.1 - Local Streets	2,507,049	2,507,049	2,507,230	(181)
Element 1.2 - Bike/Ped Pathways Maintenance	110,848	110,848	62,291	48,557
Element 2.1 - Mobility Management Programs	137,578	137,578	74,406	63,172
Element 2.2 - Paratransit & Low Income Scholarships	243,000	243,000	184,807	58,193
Element 2.3 - Paratransit Plus	300,000	300,000	278,097	21,903
Element 2.4 - Volunteer Drive & Gap Grant	256,808	256,808	89,887	166,921
Element 3.1 - Safe Routes to School	274,000	274,000	273,220	780
Element 3.2 - Trans. Demand Management	130,000	200,000	106,328	93,672
Element 3.3 - Discretionary Fuel (EV) Programs	240,000	240,000	56,353	183,647
Total Expenditures	4,342,107	4,412,107	3,801,628	610,479
Excess of Revenues Over (Under)				
Expenditures	(1,977,107)	(2,047,107)	(1,362,133)	684,974
Fund Balance - Beginning	3,938,953	3,938,953	3,938,953	-
Fund Balance - Ending - Budgetary Basis	\$1,961,846	\$1,891,846		\$ 684,974
Reconciling item				
GASB 31			(28,259)	
Fund Balance - Ending - GAAP Basis			\$2,548,561	

INDEPENDENT AUDITOR'S REPORTS

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

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

We have audited, in accordance with the 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, the financial statements of the governmental activities and each major fund of the Transportation Authority of Marin the (Authority) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated [REDACTED], 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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 financial statements will not be prevented, or detected and corrected, on a timely basis. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Palo Alto, California
 , 2017



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH THE 5% ADMINISTRATION CAP AND TRANSPORTATION DEVELOPMENT ACT**

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

Report on Compliance

We have audited the Transportation Authority of Marin's the (Authority) compliance with the 5% administration cost cap limit (the Limit) contained in the Marin County Transportation Sales Tax Expenditure Plan and the Authority's compliance with the Transportation Development Act for the fiscal year ended June 30, 2017.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of Authority's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the Authority'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 financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Public Utilities Code Article 3 section 99245 and rules and regulations of the Transportation Development Act as required by Section 6667 of Title 21 of the California Code of Regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have occurred. An audit includes examining, on a test basis, evidence about Authority'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 a legal determination of Authority's compliance with those requirements.

Opinion

In our opinion, the Authority complied, in all material respects, with the requirements referred to above for the fiscal year ended June 30, 2017.

The purpose of this report on compliance is solely to describe the scope of our testing over compliance and the results of that testing based on the Public Utilities Code Article 3 Section 99245, administered by California Department of Transportation. Accordingly, this report is not suitable for any other purpose.

Palo Alto, California
 , 2017

TRANSPORTATION AUTHORITY OF MARIN

Single Audit Report on
Federal Awards

For The Year Ended June 30, 2017

TRANSPORTATION AUTHORITY OF MARIN

For The Year Ended June 30, 2017

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

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

We have audited, 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, the financial statements of the governmental activities and each major fund of the Transportation Authority of Marin (Authority) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated **December 1, 2017**.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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 financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the applicable provisions of Section 6666 of Title 21 of the California Code of Regulations, 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Palo Alto, California

December 1, 2017



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH THE UNIFORM GUIDANCE

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

We have audited the Transportation Authority of Marin’s (Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority’s major federal programs for the year ended June 30, 2017. The Authority’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority’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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority’s compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the governmental activities and each major fund of the Authority as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated **December 1, 2017**, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Palo Alto, California
December 1, 2017

TRANSPORTATION AUTHORITY OF MARIN

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Highway Planning and Construction			
Passed through Metropolitan Transportation Commission			
STP/CMAQ Planning	20.205	CMA Planning Agreement FY2013-17	\$ 738,309
Passed through California Department of Transportation			
Car Share Pilot Program	20.205	Proj# CML-6406(016)	14,069
PDA Grants	20.205	Proj # RSTPL- 6406(014)	13,000
HBRRF Highway Bridge Fund	20.205	Proj# BRL0-5927(104)	82,663
Non-motorized Transportation Pilot Program	20.205	Proj# NMPTL 6406(006)	10,492
Total U.S. Department of Transportation			<u>\$ 858,533</u>

See accompany notes to the schedule of expenditures of federal awards

TRANSPORTATION AUTHORITY OF MARIN**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

1. REPORTING ENTITY

The financial reporting entity consists of the primary government, Transportation Authority of Marin (Authority).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of Accounting**

Funds received under the various grant programs have been recorded within the general fund, special revenue funds, and capital project funds of the Authority. The Authority utilizes the modified accrual method of accounting for the general and special revenue funds. The accompanying Schedule of Expenditures of Federal Awards (Schedule) has been prepared accordingly. The Authority has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Schedule of Expenditures of Federal Awards

The accompanying schedule presents the activity of all federal financial assistance programs of the Authority. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through the MTC and the State of California are also included in the schedule.

The schedule was prepared from only the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the Authority.

3. PROGRAM DESCRIPTIONS**U. S. Department of Transportation Highway Planning and Construction**

The Highway Planning and Construction program assists State transportation agencies in the planning and development of an integrated, interconnected transportation system important to interstate commerce and travel by constructing and rehabilitating the National Highway System (NHS), including the Eisenhower Interstate System (EIS); and for transportation improvements to most other public roads; to provide aid for the repair of Federal-aid highways following disasters; to foster safe highway design; to replace or rehabilitate deficient or obsolete bridges; and to provide for other special purposes.

TRANSPORTATION AUTHORITY OF MARIN

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

I. SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS		
Type of auditor's report issued:		Unmodified
Internal control over financial reporting:		
Material weakness identified?		No
Significant deficiency identified?		None reported
Noncompliance material to financial statements noted?		No
FEDERAL AWARDS		
Internal control over major programs:		
Material weakness identified?		No
Significant deficiency identified?		None reported
Type of auditor's report issued on compliance for major programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance		No
Identification of major programs:		
<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
20.205	Highway Planning and Construction	
Dollar threshold used to distinguish between Type A and Type B programs:		\$ 750,000
Auditee qualified as low-risk auditee?		Yes

TRANSPORTATION AUTHORITY OF MARIN

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

II. FINANCIAL STATEMENT FINDINGS

None reported.

TRANSPORTATION AUTHORITY OF MARIN

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

TRANSPORTATION AUTHORITY OF MARIN

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2017**

None reported.

TRANSPORTATION AUTHORITY OF MARIN

Required Communications

June 30, 2017



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

We have audited the financial statements of the governmental activities and each major fund of the Transportation Authority of Marin (Authority) for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Compliance Supplement, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements.

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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:

There were no significant accounting estimates made on the financial statements.

The financial statements disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 1, _____.

Management 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 Authority's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant 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.

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to management's discussion and analysis, and the schedule of revenues, expenditures, and changes in fund balances – budget and actual for general and special revenue funds, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Expenditures of Federal Awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This report is intended solely for the information and use of the Authority's Board, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Palo Alto, California
December 1, _____



DATE: November 20, 2017

TO: Transportation Authority of Marin Citizens' Oversight Committee

FROM: Li Zhang, Chief Financial Officer

SUBJECT: Review and Acceptance of FY2016-17 Measure A Compliance Audit Results (Action) - Agenda Item No.5

RECOMMENDATION:

The TAM Citizens' Oversight Committee reviews the FY2016-17 Measure A compliance audit results and refers it to the TAM Board for acceptance.

BACKGROUND:

TAM has a fiduciary responsibility to the voters of Marin County to ensure that the ½-Cent Measure A Transportation Sales Tax funds are spent appropriately and has carried out this responsibility diligently since the inception of Measure A in 2005. The Measure A Expenditure Plan provided TAM with the authority to audit all Measure A fund recipients for their use of the sales tax proceeds. An independent compliance audit is explicitly permitted under the terms and conditions of TAM's funding agreement/contract with all Measure A funding recipients. The COC played a critical role in the development of the Measure A Compliance Audit Policy and the final Policy was adopted by the TAM Board at its October 28, 2010 Board meeting. The implementation of the Policy started with the FY2011-12 and prior Measure A funding activities.

The TAM Board approved the five Measure A Transportation Sales Tax fund recipients that were selected for the seventh round of compliance audits in June 2017, as shown in the table below. This audit cycle covers Measure A revenue and expenditure activities occurred in or prior to FY2016-17.

Measure A Fund Recipients Selected for the 2017 Compliance Audit Cycle		
No.	Fund Recipient	Measure A Funding Strategy
Interest Revenue Funding Usage		
	None	
Strategy 1 Local Bus Transit System		
1	Marin Transit	Local Transit, for all Measure A funds received for its FY2016-17 transit operation and capital needs
Strategy 2 Highway 101 Gap Closure		
	None	
Strategy 3 Local Transportation Infrastructure		
2	County of Marin	Strategy 3.1, Major Roads, for Sir Francis Drake Boulevard Rehabilitation in Ross Valley
3	Town of San Anselmo	Strategy 3.2, Local Roads, for its usage of the Measure A Local Roads funds in or prior to FY2016-17
Strategy 4 School Related Congestion and Safer Access to Schools		
4	Town of Corte Madera	Strategy 4.3, Safe Pathways to School, major capital project, for Measure A funds received for Tamalpais Drive Pedestrian Crossing Enhancement Project
5	Town of Fairfax	Strategy 4.3, Safe Pathways to School, small capital project, for Measure A funds received for Sir Francis Drake Blvd and Taylor Road Rectangular Rapid Flash Beacons

DISCUSSION/ANALYSIS:

Measure A Compliance Audit Process:

The annual Measure A Compliance Audit Workshop was conducted on September 1, 2017. Staff, along with the audit team from Vavrinek, Trine, Day & Co., LLP, reviewed the requirements of the Measure A Expenditure Plan, the compliance audit policy adopted, and explained the process and timeline. Representatives from five different fund recipients attended the workshop and provided staff with valuable questions and feedback.

The audit team, along with TAM staff, started the initial pre-audit meetings with the fund recipients selected in September, field visits were completed by the end of October, and draft audit results were presented to TAM staff for review in early November. Staff is very pleased to report that there is no non-compliance findings discovered during this round of the compliance audit.

Measure A Compliance Audit Results By Fund Recipients:

The main purpose of the compliance audit is to verify all Measure A Transportation Sales Tax funds were spent according to the requirements of the Measure A Transportation Sales Tax Expenditure Plan/Strategic Plan and the funding agreements/contracts. Results from the audits can also help TAM staff to continue improving the fund programming and allocation process.

Compliance audit results for the five fund recipients selected for this round of audit effort are presented below for your review.

Interest Revenue: No Audit Conducted

Strategy 1: Marin Transit, Measure A Funds for Local Transit

Measure A Expenditure Audited:

Compliance audit for Marin Transit covers all Measure A expenditures that occurred in FY2016-17.

Measure A Allocation				
<u>Allocation Period</u>	<u>Agreement Number</u>	<u>Measure A Strategy</u>	<u>Agreement Date</u>	<u>Available Amount</u>
FY 16/17	A-FY17-03	1	7/1/2016	\$ 16,393,369
Measure A Expenditures				
<u>Project Name</u>	<u>Measure A Strategy</u>	<u>Amount</u>		
Local Bus Transit	1.1	\$ 9,024,034		
Local Bus Transit Service	1.2	1,061,315		
Rural Bus Transit System	1.3	2,180,396		
Capital Improvements	1.4	950,801		
Total Project Cost		<u>\$ 13,216,546</u>		

Result:

The results of the auditor's procedures disclosed no instances of noncompliance with the Measure A Expenditure Plan and the funding agreement between Marin Transit and TAM.

Follow-up Meeting and/or Action:

Not needed.

Strategy 2 – Highway 101 Gap Closure - No Audit Conducted

Strategy 3.1 – County of Marin, Major Roads: Sir Francis Drake Boulevard Rehabilitation in Ross Valley

Measure A Expenditure Audited:

The Compliance audit for the County of Marin covers Measure A expenditures under the Strategy 3.1 Major Roads allocation, which was spent in FY2016-17.

Measure A Allocation				
Allocation Period	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY 15/16 and FY 16/17	2013-002	3.1	9/10/2013	\$ 1,350,000
Measure A Expenditures				
Project Name	Measure A Strategy	Amount		
Sir Francis Drake Boulevard Rehabilitation in Ross Valley	3.1	\$ 727,684		

Result:

The results of the auditor's procedures disclosed no instances of noncompliance with the Measure A Expenditure Plan and the funding agreement between the County of Marin and TAM.

Follow-up Meeting and/or Action:

Not needed

Strategy 3.2 – Town of San Anselmo, Local Roads funds in or prior to FY2016-17

Measure A Expenditure Audited:

The compliance audit for the Town of San Anselmo covers Measure A expenditures under the Strategy 3.2 Local Streets and Roads allocation, which were spent in FY2016-17.

Measure A Allocation				
Allocation Period	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY 16/17	A-FY17-12	3.2	11/1/2016	\$ 143,571
Measure A Expenditures				
Project Name	Measure A Strategy	Amount		
2016 Pavement Rehabilitation and Preservation Project repaving Bank Street, Arroyo Ave. and slurry sealing Sir Ffrancis Drake from Tamalpais to Center and from Sunny Hills Dr. to Saunders Ave.	3.2	\$ 143,571		

Result:

The results of the auditor's procedures disclosed no instances of noncompliance with the Measure A Expenditure Plan and the funding agreement between the Town of San Anselmo and TAM.

Follow-up Meeting and/or Action:

Not needed.

Strategy 4.2 – Town of Corte Madera, Safe Pathways to School, Major Capital Project: Tamalpais Drive Pedestrian Crossing Enhancement Project

Measure A Expenditure Audited:

The compliance audit for the Town of Corte Madera covers Measure A expenditures under the Strategy 4.3 Safe Pathways to School allocation, which were spent in FY2016-17.

Measure A Allocation				
Allocation Period	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY 15/16 and FY 16/17	2015-002	4.3	6/7/2015	\$ 90,000
Measure A Expenditures				
Project Name	Measure A Strategy	Amount		
Tamalpais Drive Pedestrian Crossing Enhancement Project	4.3	\$ 85,872		

Result:

The results of the auditor's procedures disclosed no instances of noncompliance with the Measure A Expenditure Plan and the funding agreement between the Town of Corte Madera and TAM.

Follow-up Meeting and/or Action:

Not needed.

Strategy 4.3 – Town of Fairfax, Safe Pathways to School, small capital project: Sir Francis Drake Blvd and Taylor Road Rectangular Rapid Flash Beacons

Measure A Expenditure Audited:

The compliance audit for Town of Fairfax covers Measure A expenditures under the Strategy 4.3 Safe Pathways to School allocations, which were spent in FY2016-17.

Measure A Allocation				
Allocation Period	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY 16/17	2015-003	4.3	5/18/2015	\$ 25,000
Measure A Expenditures				
Project Name	Measure A Strategy	Amount		
Sir Francis Drake Blvd and Taylor Road Rectangular Rapid Flash Beacons (RRFB)	4.2	\$ 25,000		

Result:

The results of the auditor's procedures disclosed no instances of noncompliance with the Measure A Expenditure Plan and the funding agreement between the Town of Fairfax and TAM.

Follow-up Meeting and/or Action:

Not needed.

FISCAL CONSIDERATION:

The Measure A compliance audit was conducted within budget and on schedule.

NEXT STEPS:

The eighth Measure A compliance audit cycle will start in May 2018.

ATTACHMENTS:

- Attachment 1 Measure A Compliance Audit Report – Marin Transit
- Attachment 2 Measure A Compliance Audit Report – County of Marin
- Attachment 3 Measure A Compliance Audit Report – Town of San Anselmo
- Attachment 4 Measure A Compliance Audit Report – Town of Corte Madera
- Attachment 5 Measure A Compliance Audit Report – Town of Fairfax



Vavrinek, Trine, Day & Co., LLP
 Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Compliance

We have audited Marin Transit's (Agency) compliance with the types of compliance requirements described in the Measure A Expenditure Plan and the respective funding agreement with the Transportation Authority of Marin (Authority) applicable to the Agency's Schedule of Allocations and Expenditures for the year ended June 30, 2017.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of management of the Agency.

Auditor's Responsibility

Our responsibility is to express an opinion on the Agency'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 Expenditure Plan issued by the County of Marin, and the respective funding agreement between the Agency and the Authority. Those standards and the Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the Agency and the Authority require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the Agency's Schedule of Allocations and Expenditures. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Agency's compliance with those requirements.

Opinion

In our opinion, the Agency complied, in all material respects, with the compliance requirements referred to above that are applicable to the Agency's Schedule of Allocations and Expenditures for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Agency's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance on a timely basis. 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. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiency or material weaknesses, as defined above.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the Agency and the Authority. This report is intended solely for the information of the Board of Commissioners, Citizens' Oversight Committee, Management of the Authority, and Management of the Agency. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine Day & Co., LLP
November ____, 2017

MARIN TRANSIT**MEASURE A COMPLIANCE REPORT AND NOTES
JUNE 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Financial Reporting Entity**

Marin Transit is an agency formed by vote by the people of Marin County that provides local transit services within Marin County.

Basis of Accounting

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

NOTE 2 - MEASURE A SALES TAX

The Measure A sales tax is a 1/2 cent set forth by voters as a step in implementing a 1.6 billion dollar “transportation vision” set forth by the County of Marin as a plan to alleviate traffic congestion, reinvent the public transportation system, provide addition pedestrian and bike pathways, provide safer routes to school and many other additional transit related goals. Citizens’ Advisory Committees in each part of the County, representing the many diverse interests in Marin, provided input that result in a draft expenditure plan. The draft plan was presented to each of Marin’s City/Town Councils and to numerous stakeholder groups. Their comments prompted refinements reflected in the Final Measure A Transportation Sales Tax Expenditure Plan (Plan).

The Plan is administered by the Transportation Authority of Marin (Authority). Its 16-member board consists of the 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 to the public.

MARIN TRANSIT**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

1. Obtained original Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments for the audit period or for the period during which funding was utilized for an approved project.
2. Reviewed Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments to determine total funding provided by the applicable Strategy for the audit period or for the projects being audited.
3. Interviewed finance staff regarding internal controls in the following areas, specific to, but not limited to, accounting for Measure A funding, to obtain an understanding of the entity's operations:
 - a. Cash Disbursements – Reviewed policies and procedures regarding approval, defacements, accounts payable check processing, and other matters related to the disbursement of funds.
 - b. Cash Receipts – Reviewed policies and procedures regarding cash handling of over-the-counter receipts and cash receipts received through the mail, bank deposits, bank reconciliations, and other matters related to the receipt of funds.
4. Obtained all invoices submitted to the Authority for reimbursements, if applicable.
5. Obtained supporting documentation for a sample of invoices submitted to the Authority for reimbursements, including construction, personnel, project management, consultants, and other related costs.
6. Obtained general ledger detail for revenue and expenditures charged to the Measure A funding source or equivalent reports where income and expenses associated with Measure A funds can be clearly identified.
7. Reviewed remittances from the Authority to ensure that all revenues are correctly coded to the specific cost center or fund code designated for Measure A funding.
8. For reimbursement-based agreements, we reviewed a sample of invoices submitted to the Authority to ensure that the costs being billed on the invoices reconcile with the ones being charged to the specific Measure A cost center in the entity's financial accounting system.
9. For reimbursement-based agreements/contracts, expenditures charged to the specific cost center or fund code designated for Measure A funding were selected on a random basis were and tested for the following attributes:
 - a. Approval – Reviewed invoices and supporting documentation to ensure that the proper review and approval process occurred and is documented on the invoice.
 - b. Invoice – Reviewed invoices and supporting documentation to ensure that they are mathematically accurate, properly addressed to the auditee, and have sufficient detail to justify the amounts being charged and the cost center or fund code to which it is being charged to.

MARIN TRANSIT**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

- c. Coding – Reviewed invoices and supporting documentation to ensure that they have been correctly coded to the specific cost center or fund code designated for Measure A funding.
 - d. Allowable – Reviewed invoices and supporting documentation to ensure that the costs being charged to the specific cost center or fund code designated for Measure A funding are allowable costs based on the Measure A Expenditure Plan, the entity’s funding agreement with the Authority, and specific requirements of the Strategy for which the funds were restricted for. Also reviewed expenditures to ensure that all costs are direct costs and not indirect costs or allocations of any kind.
10. For entities receiving funding in advance for Strategy 3 under a Measure A funding agreement, we reviewed, in summary form, various invoices to verify that expenditures being charged to the specific cost center or fund code restricted for Measure A are reasonable for the project. In addition, expenditures are also tested in the same fashion as outlined in step 9 of this list.
11. For entities where capital construction projects were funded utilizing Measure A Strategy 3 and 4 funding, we obtained the necessary project files and reviewed them for the following requirements:
- a. Procurement Process – Reviewed procurement process of the project to ensure that the project was properly advertised in publications, internet, trade journals and/or other acceptable means. If other means of procurement, such as selective RFP submittals were followed, we determined whether the process is adequate in 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 Transit agency’s Agendas and Minutes and/or related reports in regards to the bid award to ensure that the contract for the project was properly approved by Department Heads and the Transit agency’s Council and was properly documented in a public forum. Also, we reviewed bidding results to ensure that the lowest bid was selected, and if the lowest bid was not selected, that there is sufficient documentation for any other selection process utilized.
12. For entities where professional service contracts were paid utilizing Measure A funding, with regards to construction projects or other purposes, we reviewed the policies and procedures of the entity in question to ensure that internal policies and procedures were followed in regards to the selection of professional service firms.
13. For entities where capital construction projects were paid utilizing Measure A Strategy 3 and 4 funding, we reviewed any applicable environmental review requirements and reviewed documentation to verify that all reports and reviews were performed prior to the start of any construction.

MARIN TRANSIT**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

14. For entities where personnel costs were charged to the specific cost center or fund code designated for Measure A funding, we selected a representative sample of charges for personnel costs and tested for the following:
 - a. Recalculation – Reviewed and reconciled wage rates from personnel costs charged to Measure A cost center or fund code to the entity’s payroll registers to ensure that wage rates being charged were accurate and properly approved; reviewed all benefits and fringe costs being allocated in addition to wage rates to ensure that they are accurate and appropriate; recalculated personnel costs utilizing wage rates and hours being charged to ensure that the amounts are mathematically accurate; review the calculation to ensure no indirect costs are included in the reimbursement request.
 - b. Timesheet – Reviewed timesheets for selected personnel costs to ensure that hours being charged to Measure A are properly supported with an approved timesheet. All charges to Measure A funding must be clearly documented on timesheets, detailing the number of hours and the funding source, on a daily basis. We also reviewed timesheets for selected personnel costs to ensure that signatures of both the employee and supervisor are present. Electronic time documentation methods must also have similar electronic signatures.
15. Obtained close-out reports, from completed capital construction projects, submitted to the Authority.
16. Reviewed close-out reports to ensure that they were submitted within 90 days and were properly certified in accordance with the entity’s funding agreement/contract with the Authority.

MARIN TRANSIT

**ATTACHMENT B – FINDINGS AND OBSERVATIONS
JUNE 30, 2017**

No findings noted.

MARIN TRANSIT

**ATTACHMENT C – SCHEDULE OF ALLOCATIONS AND EXPENDITURES
 JUNE 30, 2017**

Measure A Allocation				
<u>Allocation Period</u>	<u>Agreement Number</u>	<u>Measure A Strategy</u>	<u>Agreement Date</u>	<u>Available Amount</u>
FY 16/17	A-FY17-03	1	7/1/2016	\$ 16,393,369
Measure A Expenditures				
<u>Project Name</u>	<u>Measure A Strategy</u>	<u>Amount</u>		
Local Bus Transit	1.1	\$	9,024,034	
Local Bus Transit Service	1.2		1,061,315	
Rural Bus Transit System	1.3		2,180,396	
Capital Improvements	1.4		950,801	
Total Project Cost			<u>\$ 13,216,546</u>	



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER COMPLIANCE**

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

Compliance

We have audited the County of Marin's (County) compliance with the types of compliance requirements described in the Measure A Expenditure Plan and the respective funding agreement with the Transportation Authority of Marin (Authority) applicable to the County's Schedule of Allocations and Expenditures for the year ended June 30, 2017.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of management of the County.

Auditor's Responsibility

Our responsibility is to express an opinion on the County'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 Expenditure Plan issued by the County of Marin, and the respective funding agreement between the County and the Authority. Those standards and the Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the County and the Authority require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the County's Schedule of Allocations and Expenditures. An audit includes examining, on a test basis, evidence about the County'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 a legal determination of the County's compliance with those requirements.

Opinion

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that are applicable to the County's Schedule of Allocations and Expenditures for the year ended June 30, 2017.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the County's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on 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 County's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance on a timely basis. 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. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiency or material weaknesses, as defined above.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the County and the Authority. This report is intended solely for the information of the Board of Commissioners, Citizens' Oversight Committee, Management of the Authority, and management of the County. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine Day & Co., LLP
November __, 2017

COUNTY OF MARIN**MEASURE A COMPLIANCE REPORT AND NOTES
JUNE 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Financial Reporting Entity**

The County receives funding under the Measure A Expenditure Plan.

Basis of Accounting

The County utilizes the current resources measurement focus basis of account, whereby revenues are recognized when measurable and available. The County considers all revenues reported to be available if the revenues are collected within sixty days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. Capital assets acquisitions are reported as expenditures in the governmental funds.

NOTE 2 - MEASURE A SALES TAX

The Measure A sales tax is a 1/2 cent set forth by voters as a step in implementing a 1.6 billion dollar “transportation vision” set forth by the County of Marin as a plan to alleviate traffic congestion, reinvent the public transportation system, provide addition pedestrian and bike pathways, provide safer routes to school and many other additional transit related goals. Citizens’ Advisory Committees in each part of the County, representing the many diverse interests in Marin, provided input that result in a draft expenditure plan. The draft plan was presented to each of Marin’s City/Town Councils and to numerous stakeholder groups. Their comments prompted refinements reflected in the Final Measure A Transportation Sales Tax Expenditure Plan (Plan).

The Plan is administered by the Transportation Authority of Marin (Authority). Its 16-member board consists of the 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 to the public.

COUNTY OF MARIN**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

1. Obtained original Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments for the audit period or for the period during which funding was utilized for an approved project.
2. Reviewed Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments to determine total funding provided by the applicable Strategy for the audit period or for the projects being audited.
3. Interviewed finance staff regarding internal controls in the following areas, specific to, but not limited to, accounting for Measure A funding, to obtain an understanding of the entity's operations:
 - a. Cash Disbursements – Reviewed policies and procedures regarding approval, defacements, accounts payable check processing, and other matters related to the disbursement of funds.
 - b. Cash Receipts – Reviewed policies and procedures regarding cash handling of over-the-counter receipts and cash receipts received through the mail, bank deposits, bank reconciliations, and other matters related to the receipt of funds.
4. Obtained all invoices submitted to the Authority for reimbursements, if applicable.
5. Obtained supporting documentation for a sample of invoices submitted to the Authority for reimbursements, including construction, personnel, project management, consultants, and other related costs.
6. Obtained general ledger detail for revenue and expenditures charged to the Measure A funding source or equivalent reports where income and expenses associated with Measure A funds can be clearly identified.
7. Reviewed remittances from the Authority to ensure that all revenues are correctly coded to the specific cost center or fund code designated for Measure A funding.
8. For reimbursement-based agreements, we reviewed a sample of invoices submitted to the Authority to ensure that the costs being billed on the invoices reconcile with the ones being charged to the specific Measure A cost center in the entity's financial accounting system.
9. For reimbursement-based agreements/contracts, expenditures charged to the specific cost center or fund code designated for Measure A funding were selected on a random basis and tested for the following attributes:
 - a. Approval – Reviewed invoices and supporting documentation to ensure that the proper review and approval process occurred and is documented on the invoice.
 - b. Invoice – Reviewed invoices and supporting documentation to ensure that they are mathematically accurate, properly addressed to the auditee, and have sufficient detail to justify the amounts being charged and the cost center or fund code to which it is being charged to.

COUNTY OF MARIN**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

- c. Coding – Reviewed invoices and supporting documentation to ensure that they have been correctly coded to the specific cost center or fund code designated for Measure A funding.
 - d. Allowable – Reviewed invoices and supporting documentation to ensure that the costs being charged to the specific cost center or fund code designated for Measure A funding are allowable costs based on the Measure A Expenditure Plan, the entity’s funding agreement with the Authority, and specific requirements of the Strategy for which the funds were restricted for. Also reviewed expenditures to ensure that all costs are direct costs and not indirect costs or allocations of any kind.
10. For entities receiving funding in advance for Strategy 3 under a Measure A funding agreement, we reviewed, in summary form, various invoices to verify that expenditures being charged to the specific cost center or fund code restricted for Measure A are reasonable for the project. In addition, expenditures are also tested in the same fashion as outlined in step 9 of this list.
11. For entities where capital construction projects were funded utilizing Measure A Strategy 3 and 4 funding, we obtained the necessary project files and reviewed them for the following requirements:
 - a. Procurement Process – Reviewed procurement process of the project to ensure that the project was properly advertised in publications, internet, trade journals and/or other acceptable means. If other means of procurement, such as selective RFP submittals were followed, we determined whether the process is adequate in 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 City/Town Council or County’s Agendas and Minutes and/or supporting documentation in regards to the bid award to ensure that the contract for the project was properly approved by Department Heads and the City/Town or County’s Council and was properly documented in a public forum. Also, we reviewed bidding results to ensure that the lowest bid was selected, and if the lowest bid was not selected, that there is sufficient documentation for any other selection process utilized.
12. For entities where professional service contracts were paid utilizing Measure A funding, with regards to construction projects or other purposes, we reviewed the policies and procedures of the entity in question to ensure that internal policies and procedures were followed in regards to the selection of professional service firms.
13. For entities where capital construction projects were paid utilizing Measure A Strategy 3 and 4 funding, we reviewed any applicable environmental review requirements and reviewed documentation to verify that all reports and reviews were performed prior to the start of any construction.

COUNTY OF MARIN**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

14. For entities where personnel costs were charged to the specific cost center or fund code designated for Measure A funding, we selected a representative sample of charges for personnel costs and tested for the following:
 - a. Recalculation – Reviewed and reconciled wage rates from personnel costs charged to Measure A cost center or fund code to the entity’s payroll registers to ensure that wage rates being charged were accurate and properly approved; reviewed all benefits and fringe costs being allocated in addition to wage rates to ensure that they are accurate and appropriate; recalculated personnel costs utilizing wage rates and hours being charged to ensure that the amounts are mathematically accurate; review the calculation to ensure no indirect costs are included in the reimbursement request.
 - b. Timesheet – Reviewed timesheets for selected personnel costs to ensure that hours being charged to Measure A are properly supported with an approved timesheet. All charges to Measure A funding must be clearly documented on timesheets, detailing the number of hours and the funding source, on a daily basis. We also reviewed timesheets for selected personnel costs to ensure that signatures of both the employee and supervisor are present. Electronic time documentation methods must also have similar electronic signatures.
15. Obtained close-out reports, from completed capital construction projects, submitted to the Authority.
16. Reviewed close-out reports to ensure that they were submitted within 90 days and were properly certified in accordance with the entity’s funding agreement/contract with the Authority.

COUNTY OF MARIN

**ATTACHMENT B – FINDINGS AND OBSERVATIONS
JUNE 30, 2017**

No findings noted.

COUNTY OF MARIN

**ATTACHMENT C – SCHEDULE OF ALLOCATIONS AND EXPENDITURES
 JUNE 30, 2017**

Measure A Allocation				
Allocation Period	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY 15/16 and FY 16/17	2013-002	3.1	9/10/2013	\$ 1,350,000
Measure A Expenditures				
Project Name	Measure A Strategy	Amount		
Sir Francis Drake Boulevard Rehabilitation in Ross Valley	3.1	\$	727,684	



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER COMPLIANCE**

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

Compliance

We have audited the Town of San Anselmo (Town) compliance with the types of compliance requirements described in the Measure A Expenditure Plan and the respective funding agreement with the Transportation Authority of Marin (Authority) applicable to the Town's Schedule of Allocations and Expenditures for the year ended June 30, 2017.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of management of the Town.

Auditor's Responsibility

Our responsibility is to express an opinion on the Town'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 Expenditure Plan issued by the County of Marin, and the respective funding agreement between the Town and the Authority. Those standards and the Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the Town and the Authority require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the Town's Schedule of Allocations and Expenditures. An audit includes examining, on a test basis, evidence about the Town'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 a legal determination of the Town's compliance with those requirements.

Opinion

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that are applicable to the Town's Schedule of Allocations and Expenditures for the year ended June 30, 2017.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Town's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on 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 Town's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance on a timely basis. 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. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiency or material weaknesses, as defined above.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the Town and the Authority. This report is intended solely for the information of the Board of Commissioners, Citizens' Oversight Committee, Management of the Authority, and management of the Town. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine, Day & Co., LLP
November ____, 2017

TOWN OF SAN ANSELMO**MEASURE A COMPLIANCE REPORT AND NOTES
JUNE 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Financial Reporting Entity**

The Town is an incorporated Town that receives funding under the Measure A Expenditure Plan as a member of the County of Marin.

Basis of Accounting

The Town utilizes the current resources measurement focus basis of account, whereby revenues are recognized when measurable and available. The Town considers all revenues reported to be available if the revenues are collected within sixty days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. Capital assets acquisitions are reported as expenditures in the governmental funds.

NOTE 2 - MEASURE A SALES TAX

The Measure A sales tax is a 1/2 cent set forth by voters as a step in implementing a 1.6 billion dollar “transportation vision” set forth by the County of Marin as a plan to alleviate traffic congestion, reinvent the public transportation system, provide addition pedestrian and bike pathways, provide safer routes to school and many other additional transit related goals. Citizens’ Advisory Committees in each part of the County, representing the many diverse interests in Marin, provided input that result in a draft expenditure plan. The draft plan was presented to each of Marin’s Town/Town Councils and to numerous stakeholder groups. Their comments prompted refinements reflected in the Final Measure A Transportation Sales Tax Expenditure Plan (Plan).

The Plan is administered by the Transportation Authority of Marin (Authority). Its 16-member board consists of the Board of Supervisors and a council member of each incorporated Town/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 to the public.

TOWN OF SAN ANSELMO**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

1. Obtained original Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments for the audit period or for the period during which funding was utilized for an approved project.
2. Reviewed Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments to determine total funding provided by the applicable Strategy for the audit period or for the projects being audited.
3. Interviewed finance staff regarding internal controls in the following areas, specific to, but not limited to, accounting for Measure A funding, to obtain an understanding of the entity's operations:
 - a. Cash Disbursements – Reviewed policies and procedures regarding approval, defacements, accounts payable check processing, and other matters related to the disbursement of funds.
 - b. Cash Receipts – Reviewed policies and procedures regarding cash handling of over-the-counter receipts and cash receipts received through the mail, bank deposits, bank reconciliations, and other matters related to the receipt of funds.
4. Obtained all invoices submitted to the Authority for reimbursements, if applicable.
5. Obtained supporting documentation for a sample of invoices submitted to the Authority for reimbursements, including construction, personnel, project management, consultants, and other related costs.
6. Obtained general ledger detail for revenue and expenditures charged to the Measure A funding source or equivalent reports where income and expenses associated with Measure A funds can be clearly identified.
7. Reviewed remittances from the Authority to ensure that all revenues are correctly coded to the specific cost center or fund code designated for Measure A funding.
8. For reimbursement-based agreements, we reviewed a sample of invoices submitted to the Authority to ensure that the costs being billed on the invoices reconcile with the ones being charged to the specific Measure A cost center in the entity's financial accounting system.
9. For reimbursement-based agreements/contracts, expenditures charged to the specific cost center or fund code designated for Measure A funding were selected on a random basis were and tested for the following attributes:
 - a. Approval – Reviewed invoices and supporting documentation to ensure that the proper review and approval process occurred and is documented on the invoice.
 - b. Invoice – Reviewed invoices and supporting documentation to ensure that they are mathematically accurate, properly addressed to the auditee, and have sufficient detail to justify the amounts being charged and the cost center or fund code to which it is being charged to.

TOWN OF SAN ANSELMO**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

- c. Coding – Reviewed invoices and supporting documentation to ensure that they have been correctly coded to the specific cost center or fund code designated for Measure A funding.
 - d. Allowable – Reviewed invoices and supporting documentation to ensure that the costs being charged to the specific cost center or fund code designated for Measure A funding are allowable costs based on the Measure A Expenditure Plan, the entity’s funding agreement with the Authority, and specific requirements of the Strategy for which the funds were restricted for. Also reviewed expenditures to ensure that all costs are direct costs and not indirect costs or allocations of any kind.
10. For entities receiving funding in advance for Strategy 3 under a Measure A funding agreement, we reviewed, in summary form, various invoices to verify that expenditures being charged to the specific cost center or fund code restricted for Measure A are reasonable for the project. In addition, expenditures are also tested in the same fashion as outlined in step 9 of this list.
11. For entities where capital construction projects were funded utilizing Measure A Strategy 3 and 4 funding, we obtained the necessary project files and reviewed them for the following requirements:
- a. Procurement Process – Reviewed procurement process of the project to ensure that the project was properly advertised in publications, internet, trade journals and/or other acceptable means. If other means of procurement, such as selective RFP submittals were followed, we determined whether the process is adequate in 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 Town Council Agendas and Minutes and/or related reports in regards to the bid award to ensure that the contract for the project was properly approved by Department Heads and the Town and was properly documented in a public forum. Also, we reviewed bidding results to ensure that the lowest bid was selected, and if the lowest bid was not selected, that there is sufficient documentation for any other selection process utilized.
12. For entities where professional service contracts were paid utilizing Measure A funding, with regards to construction projects or other purposes, we reviewed the policies and procedures of the entity in question to ensure that internal policies and procedures were followed in regards to the selection of professional service firms.
13. For entities where capital construction projects were paid utilizing Measure A Strategy 3 and 4 funding, we reviewed any applicable environmental review requirements and reviewed documentation to verify that all reports and reviews were performed prior to the start of any construction.

TOWN OF SAN ANSELMO**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

14. For entities where personnel costs were charged to the specific cost center or fund code designated for Measure A funding, we selected a representative sample of charges for personnel costs and tested for the following:
 - a. Recalculation – Reviewed and reconciled wage rates from personnel costs charged to Measure A cost center or fund code to the entity’s payroll registers to ensure that wage rates being charged were accurate and properly approved; reviewed all benefits and fringe costs being allocated in addition to wage rates to ensure that they are accurate and appropriate; recalculated personnel costs utilizing wage rates and hours being charged to ensure that the amounts are mathematically accurate; review the calculation to ensure no indirect costs are included in the reimbursement request.
 - b. Timesheet – Reviewed timesheets for selected personnel costs to ensure that hours being charged to Measure A are properly supported with an approved timesheet. All charges to Measure A funding must be clearly documented on timesheets, detailing the number of hours and the funding source, on a daily basis. We also reviewed timesheets for selected personnel costs to ensure that signatures of both the employee and supervisor are present. Electronic time documentation methods must also have similar electronic signatures.
15. Obtained close-out reports, from completed capital construction projects, submitted to the Authority.
16. Reviewed close-out reports to ensure that they were submitted within 90 days and were properly certified in accordance with the entity’s funding agreement/contract with the Authority.

TOWN OF SAN ANSELMO

**ATTACHMENT B – FINDINGS AND OBSERVATIONS
JUNE 30, 2017**

No findings noted.

TOWN OF SAN ANSELMO

**ATTACHMENT C – SCHEDULE OF ALLOCATIONS AND EXPENDITURES
JUNE 30, 2017**

Measure A Allocation				
Allocation Period	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY 16/17	A-FY17-12	3.2	11/1/2016	\$ 143,571
Measure A Expenditures				
Project Name	Measure A Strategy	Amount		
2016 Pavement Rehabilitation and Preservation Project repaving Bank Street, Arroyo Ave. and slurry sealing Sir Francis Drake from Tamalpais to Center and from Sunny Hills Dr. to Saunders Ave.	3.2	\$	143,571	



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER COMPLIANCE**

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

Compliance

We have audited the Town of Corte Madera (Town) compliance with the types of compliance requirements described in the Measure A Expenditure Plan and the respective funding agreement with the Transportation Authority of Marin (Authority) applicable to the Town's Schedule of Allocations and Expenditures for the year ended June 30, 2017.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of management of the Town.

Auditor's Responsibility

Our responsibility is to express an opinion on the Town'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 Expenditure Plan issued by the County of Marin, and the respective funding agreement between the Town and the Authority. Those standards and the Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the Town and the Authority require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the Town's Schedule of Allocations and Expenditures. An audit includes examining, on a test basis, evidence about the Town'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 a legal determination of the Town's compliance with those requirements.

Opinion

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that are applicable to the Town's Schedule of Allocations and Expenditures for the year ended June 30, 2017.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Town's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on 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 Town's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance on a timely basis. 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. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiency or material weaknesses, as defined above.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the Town and the Authority. This report is intended solely for the information of the Board of Commissioners, Citizens' Oversight Committee, Management of the Authority, and management of the Town. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine Day & Co., LLP
November __, 2017

TOWN OF CORTE MADERA**MEASURE A COMPLIANCE REPORT AND NOTES TO THE MEASURE A
JUNE 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Financial Reporting Entity**

The Town is an incorporated town that receives funding under the Measure A Expenditure Plan as a member of the County of Marin.

Basis of Accounting

The Town utilizes the current resources measurement focus basis of account, whereby revenues are recognized when measurable and available. The Town considers all revenues reported to be available if the revenues are collected within sixty days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. Capital assets acquisitions are reported as expenditures in the governmental funds.

NOTE 2 - MEASURE A SALES TAX

The Measure A sales tax is a 1/2 cent set forth by voters as a step in implementing a 1.6 billion dollar “transportation vision” set forth by the County of Marin as a plan to alleviate traffic congestion, reinvent the public transportation system, provide addition pedestrian and bike pathways, provide safer routes to school and many other additional transit related goals. Citizens’ Advisory Committees in each part of the County, representing the many diverse interests in Marin, provided input that result in a draft expenditure plan. The draft plan was presented to each of Marin’s City/Town Councils and to numerous stakeholder groups. Their comments prompted refinements reflected in the Final Measure A Transportation Sales Tax Expenditure Plan (Plan).

The Plan is administered by the Transportation Authority of Marin (Authority). Its 16-member board consists of the 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 to the public.

TOWN OF CORTE MADERA**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

1. Obtained original Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments for the audit period or for the period during which funding was utilized for an approved project.
2. Reviewed Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments to determine total funding provided by the applicable Strategy for the audit period or for the projects being audited.
3. Interviewed finance staff regarding internal controls in the following areas, specific to, but not limited to, accounting for Measure A funding, to obtain an understanding of the entity's operations:
 - a. Cash Disbursements – Reviewed policies and procedures regarding approval, defacements, accounts payable check processing, and other matters related to the disbursement of funds.
 - b. Cash Receipts – Reviewed policies and procedures regarding cash handling of over-the-counter receipts and cash receipts received through the mail, bank deposits, bank reconciliations, and other matters related to the receipt of funds.
4. Obtained all invoices submitted to the Authority for reimbursements, if applicable.
5. Obtained supporting documentation for a sample of invoices submitted to the Authority for reimbursements, including construction, personnel, project management, consultants, and other related costs.
6. Obtained general ledger detail for revenue and expenditures charged to the Measure A funding source or equivalent reports where income and expenses associated with Measure A funds can be clearly identified.
7. Reviewed remittances from the Authority to ensure that all revenues are correctly coded to the specific cost center or fund code designated for Measure A funding.
8. For reimbursement-based agreements, we reviewed a sample of invoices submitted to the Authority to ensure that the costs being billed on the invoices reconcile with the ones being charged to the specific Measure A cost center in the entity's financial accounting system.
9. For reimbursement-based agreements/contracts, expenditures charged to the specific cost center or fund code designated for Measure A funding were selected on a random basis were and tested for the following attributes:
 - a. Approval – Reviewed invoices and supporting documentation to ensure that the proper review and approval process occurred and is documented on the invoice.
 - b. Invoice – Reviewed invoices and supporting documentation to ensure that they are mathematically accurate, properly addressed to the auditee, and have sufficient detail to justify the amounts being charged and the cost center or fund code to which it is being charged to.

TOWN OF CORTE MADERA**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

- c. Coding – Reviewed invoices and supporting documentation to ensure that they have been correctly coded to the specific cost center or fund code designated for Measure A funding.
 - d. Allowable – Reviewed invoices and supporting documentation to ensure that the costs being charged to the specific cost center or fund code designated for Measure A funding are allowable costs based on the Measure A Expenditure Plan, the entity’s funding agreement with the Authority, and specific requirements of the Strategy for which the funds were restricted for. Also reviewed expenditures to ensure that all costs are direct costs and not indirect costs or allocations of any kind.
10. For entities receiving funding in advance for Strategy 3 under a Measure A funding agreement, we reviewed, in summary form, various invoices to verify that expenditures being charged to the specific cost center or fund code restricted for Measure A are reasonable for the project. In addition, expenditures are also tested in the same fashion as outlined in step 9 of this list.
11. For entities where capital construction projects were funded utilizing Measure A Strategy 3 and 4 funding, we obtained the necessary project files and reviewed them for the following requirements:
 - a. Procurement Process – Reviewed procurement process of the project to ensure that the project was properly advertised in publications, internet, trade journals and/or other acceptable means. If other means of procurement, such as selective RFP submittals were followed, we determined whether the process is adequate in 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 Town Council Agendas and Minutes and/or other related reports in regards to the bid award to ensure that the contract for the project was properly approved by Department Heads and the Town Council and was properly documented in a public forum. Also, we reviewed bidding results to ensure that the lowest bid was selected, and if the lowest bid was not selected, that there is sufficient documentation for any other selection process utilized.
12. For entities where professional service contracts were paid utilizing Measure A funding, with regards to construction projects or other purposes, we reviewed the policies and procedures of the entity in question to ensure that internal policies and procedures were followed in regards to the selection of professional service firms.
13. For entities where capital construction projects were paid utilizing Measure A Strategy 3 and 4 funding, we reviewed any applicable environmental review requirements and reviewed documentation to verify that all reports and reviews were performed prior to the start of any construction.

TOWN OF CORTE MADERA**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

14. For entities where personnel costs were charged to the specific cost center or fund code designated for Measure A funding, we selected a representative sample of charges for personnel costs and tested for the following:
 - a. Recalculation – Reviewed and reconciled wage rates from personnel costs charged to Measure A cost center or fund code to the entity’s payroll registers to ensure that wage rates being charged were accurate and properly approved; reviewed all benefits and fringe costs being allocated in addition to wage rates to ensure that they are accurate and appropriate; recalculated personnel costs utilizing wage rates and hours being charged to ensure that the amounts are mathematically accurate; review the calculation to ensure no indirect costs are included in the reimbursement request.
 - b. Timesheet – Reviewed timesheets for selected personnel costs to ensure that hours being charged to Measure A are properly supported with an approved timesheet. All charges to Measure A funding must be clearly documented on timesheets, detailing the number of hours and the funding source, on a daily basis. We also reviewed timesheets for selected personnel costs to ensure that signatures of both the employee and supervisor are present. Electronic time documentation methods must also have similar electronic signatures.
15. Obtained close-out reports, from completed capital construction projects, submitted to the Authority.
16. Reviewed close-out reports to ensure that they were submitted within 90 days and were properly certified in accordance with the entity’s funding agreement/contract with the Authority.

TOWN OF CORTE MADERA

**ATTACHMENT B – FINDINGS AND OBSERVATIONS
JUNE 30, 2017**

No findings noted.

TOWN OF CORTE MADERA

**ATTACHMENT C – SCHEDULE OF ALLOCATIONS AND EXPENDITURES
JUNE 30, 2017**

Measure A Allocation				
Allocation Period	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY 15/16 and FY 16/17	2015-002	4.3	6/7/2015	\$ 90,000
Measure A Expenditures				
Project Name	Measure A Strategy	Amount		
Tamalpais Drive Pedestrian Crossing Enhancement Project	4.3	\$	85,872	



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER COMPLIANCE**

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

Compliance

We have audited the Town of Fairfax (Town) compliance with the types of compliance requirements described in the Measure A Expenditure Plan and the respective funding agreement with the Transportation Authority of Marin (Authority) applicable to the Town's Schedule of Allocations and Expenditures for the year ended June 30, 2017.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of management of the Town.

Auditor's Responsibility

Our responsibility is to express an opinion on the Town'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 Expenditure Plan issued by the County of Marin, and the respective funding agreement between the Town and the Authority. Those standards and the Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the Town and the Authority require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the Town's Schedule of Allocations and Expenditures. An audit includes examining, on a test basis, evidence about the Town'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 a legal determination of the Town's compliance with those requirements.

Opinion

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that are applicable to the Town's Schedule of Allocations and Expenditures for the year ended June 30, 2017.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Town's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on 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 Town's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance on a timely basis. 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. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiency or material weaknesses, as defined above.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the Measure A Expenditure Plan issued by the County of Marin, and the respective funding agreement between the Town and the Authority. This report is intended solely for the information of the Board of Commissioners, Citizens' Oversight Committee, Management of the Authority, and management of the Town. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine Day & Co., LLP
November ____, 2017

TOWN OF FAIRFAX**MEASURE A COMPLIANCE REPORT AND NOTES TO THE MEASURE A
JUNE 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Financial Reporting Entity**

The Town is an incorporated town that receives funding under the Measure A Expenditure Plan as a member of the County of Marin.

Basis of Accounting

The Town utilizes the current resources measurement focus basis of account, whereby revenues are recognized when measurable and available. The Town considers all revenues reported to be available if the revenues are collected within sixty days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. Capital assets acquisitions are reported as expenditures in the governmental funds.

NOTE 2 - MEASURE A SALES TAX

The Measure A sales tax is a 1/2 cent set forth by voters as a step in implementing a 1.6 billion dollar “transportation vision” set forth by the County of Marin as a plan to alleviate traffic congestion, reinvent the public transportation system, provide addition pedestrian and bike pathways, provide safer routes to school and many other additional transit related goals. Citizens’ Advisory Committees in each part of the County, representing the many diverse interests in Marin, provided input that result in a draft expenditure plan. The draft plan was presented to each of Marin’s City/Town Councils and to numerous stakeholder groups. Their comments prompted refinements reflected in the Final Measure A Transportation Sales Tax Expenditure Plan (Plan).

The Plan is administered by the Transportation Authority of Marin (Authority). Its 16-member board consists of the 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 to the public.

TOWN OF FAIRFAX**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

1. Obtained original Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments for the audit period or for the period during which funding was utilized for an approved project.
2. Reviewed Funding Agreement/Contract, Allocation Request, and Funding Agreement/Contract Amendments to determine total funding provided by the applicable Strategy for the audit period or for the projects being audited.
3. Interviewed finance staff regarding internal controls in the following areas, specific to, but not limited to, accounting for Measure A funding, to obtain an understanding of the entity's operations:
 - a. Cash Disbursements – Reviewed policies and procedures regarding approval, defacements, accounts payable check processing, and other matters related to the disbursement of funds.
 - b. Cash Receipts – Reviewed policies and procedures regarding cash handling of over-the-counter receipts and cash receipts received through the mail, bank deposits, bank reconciliations, and other matters related to the receipt of funds.
4. Obtained all invoices submitted to the Authority for reimbursements, if applicable.
5. Obtained supporting documentation for a sample of invoices submitted to the Authority for reimbursements, including construction, personnel, project management, consultants, and other related costs.
6. Obtained general ledger detail for revenue and expenditures charged to the Measure A funding source or equivalent reports where income and expenses associated with Measure A funds can be clearly identified.
7. Reviewed remittances from the Authority to ensure that all revenues are correctly coded to the specific cost center or fund code designated for Measure A funding.
8. For reimbursement-based agreements, we reviewed a sample of invoices submitted to the Authority to ensure that the costs being billed on the invoices reconcile with the ones being charged to the specific Measure A cost center in the entity's financial accounting system.
9. For reimbursement-based agreements/contracts, expenditures charged to the specific cost center or fund code designated for Measure A funding were selected on a random basis and tested for the following attributes:
 - a. Approval – Reviewed invoices and supporting documentation to ensure that the proper review and approval process occurred and is documented on the invoice.
 - b. Invoice – Reviewed invoices and supporting documentation to ensure that they are mathematically accurate, properly addressed to the auditee, and have sufficient detail to justify the amounts being charged and the cost center or fund code to which it is being charged to.

TOWN OF FAIRFAX**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

- c. Coding – Reviewed invoices and supporting documentation to ensure that they have been correctly coded to the specific cost center or fund code designated for Measure A funding.
 - d. Allowable – Reviewed invoices and supporting documentation to ensure that the costs being charged to the specific cost center or fund code designated for Measure A funding are allowable costs based on the Measure A Expenditure Plan, the entity’s funding agreement with the Authority, and specific requirements of the Strategy for which the funds were restricted for. Also reviewed expenditures to ensure that all costs are direct costs and not indirect costs or allocations of any kind.
10. For entities receiving funding in advance for Strategy 3 under a Measure A funding agreement, we reviewed, in summary form, various invoices to verify that expenditures being charged to the specific cost center or fund code restricted for Measure A are reasonable for the project. In addition, expenditures are also tested in the same fashion as outlined in step 9 of this list.
11. For entities where capital construction projects were funded utilizing Measure A Strategy 3 and 4 funding, we obtained the necessary project files and reviewed them for the following requirements:
 - a. Procurement Process – Reviewed procurement process of the project to ensure that the project was properly advertised in publications, internet, trade journals and/or other acceptable means. If other means of procurement, such as selective RFP submittals were followed, we determined whether the process is adequate in 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 Town Council Agendas and Minutes and/or other related reports in regards to the bid award to ensure that the contract for the project was properly approved by Department Heads and the Town Council and was properly documented in a public forum. Also, we reviewed bidding results to ensure that the lowest bid was selected, and if the lowest bid was not selected, that there is sufficient documentation for any other selection process utilized.
12. For entities where professional service contracts were paid utilizing Measure A funding, with regards to construction projects or other purposes, we reviewed the policies and procedures of the entity in question to ensure that internal policies and procedures were followed in regards to the selection of professional service firms.
13. For entities where capital construction projects were paid utilizing Measure A Strategy 3 and 4 funding, we reviewed any applicable environmental review requirements and reviewed documentation to verify that all reports and reviews were performed prior to the start of any construction.

TOWN OF FAIRFAX**ATTACHMENT A – PROCEDURES PERFORMED AS APPLICABLE
JUNE 30, 2017**

14. For entities where personnel costs were charged to the specific cost center or fund code designated for Measure A funding, we selected a representative sample of charges for personnel costs and tested for the following:
 - a. Recalculation – Reviewed and reconciled wage rates from personnel costs charged to Measure A cost center or fund code to the entity’s payroll registers to ensure that wage rates being charged were accurate and properly approved; reviewed all benefits and fringe costs being allocated in addition to wage rates to ensure that they are accurate and appropriate; recalculated personnel costs utilizing wage rates and hours being charged to ensure that the amounts are mathematically accurate; review the calculation to ensure no indirect costs are included in the reimbursement request.
 - b. Timesheet – Reviewed timesheets for selected personnel costs to ensure that hours being charged to Measure A are properly supported with an approved timesheet. All charges to Measure A funding must be clearly documented on timesheets, detailing the number of hours and the funding source, on a daily basis. We also reviewed timesheets for selected personnel costs to ensure that signatures of both the employee and supervisor are present. Electronic time documentation methods must also have similar electronic signatures.
15. Obtained close-out reports, from completed capital construction projects, submitted to the Authority.
16. Reviewed close-out reports to ensure that they were submitted within 90 days and were properly certified in accordance with the entity’s funding agreement/contract with the Authority.

TOWN OF FAIRFAX

**ATTACHMENT B – FINDINGS AND OBSERVATIONS
JUNE 30, 2017**

No findings noted.

TOWN OF FAIRFAX

**ATTACHMENT C – SCHEDULE OF ALLOCATIONS AND EXPENDITURES
JUNE 30, 2017**

Measure A Allocation				
Allocation Period	Agreement Number	Measure A Strategy	Agreement Date	Available Amount
FY 16/17	2015-003	4.3	5/18/2015	\$ 25,000
Measure A Expenditures				
Project Name	Measure A Strategy	Amount		
Sir Francis Drake Blvd and Taylor Road Rectangular Rapid Flash Beacons (RRFB)	4.2	\$ 25,000		



DATE: November 20, 2017

TO: Transportation Authority of Marin Citizens' Oversight Committee

FROM: Li Zhang, Chief Financial Officer

SUBJECT: Formation of the COC FY2016-17 Annual Report Subcommittee and Adoption of the Development Schedule (Action), Agenda Item No. 6

RECOMMENDATION:

Staff recommends that the Citizens' Oversight Committee forms a subcommittee to guide staff with the development of the COC FY2016-17 Annual Report and also adopts the report development schedule.

BACKGROUND:

The Annual Report of the COC remains one of the key mechanisms utilized for capturing the Measure A ½ Cent Sales Tax and the Measure B \$10 Vehicle Registration Fee activities. Working closely with staff, the COC Annual Report Subcommittee successfully shaped the design and production of the last nine annual reports. Staff suggests that the Committee continues this successful practice in forming a COC Annual Report Subcommittee to guide and examine the development of the FY2016-17 annual report.

DISCUSSION/ANALYSIS:

Development Schedule

Staff would also like to propose the following schedule for the development of the COC FY2016-17 Annual Report:

- Nov 20, 2017: Formation of the FY2016-17 COC Annual Report Subcommittee
- Nov 20 - Dec 30, 2017: Subcommittee reviews the design and content of the draft report
- Jan 15&25, 2018: COC/TAM Board review & approval of the draft FY2016-17 COC Annual Report
- Jan 27 – Feb 15, 2018: Print and distribution of the final FY2016-17 COC Annual Report



DATE: November 20, 2017

TO: Transportation Authority of Marin Citizens' Oversight Committee

FROM: Li Zhang, Chief Financial Officer

SUBJECT: Review of the FY2017-18 First Quarter Financial Report and Proposed Budget Amendments (Information), Agenda Item No. 7

RECOMMENDATION:

Information Item

BACKGROUND:

This report, along with all accompanying attachments, provides a summary of the financial activities for the period ending September 30, 2017 and covers TAM's revenue and expenditure activities from July 1, 2017 to September 30, 2017. Revenues and expenditures are presented on a cash basis for the period covered.

DISCUSSION/ANALYSIS:

Revenue Highlights:

As of September 30, 2017, the total Measure A Half-cent Transportation Sales Tax cash disbursements received from the Board of Equalization (BOE) for the three-month period from July 2017 to September 2017 was \$6.72 million, which is 4.36% higher than the total Measure A disbursements for the same period last year. However, the upward trend of sales tax revenue continued since FY2010-11 has started to level out now, with a 4.96% annual increase in FY2011-12, 11.07% in FY2012-13, 1.98% in FY2013-14, 4.90% in FY2014-15, 1.73% in FY2015-16, and only 0.2% in FY2016-17.

As of September 30, 2017, TAM has also received a total of \$0.62 million in Measure B \$10 vehicle registration fee cash disbursements from the Department of Motor Vehicle (DMV) for the months of July, August and September, which is slightly lower than the revenue received for the same period last year.

TAM received a total of \$559,000 in annual contributions from cities, towns, and the county for CMA planning, programming, and project delivery support services provided. The \$559,000 fee includes the \$430,000 base fee and \$129,000 temporary increase to support a few critical planning efforts. TAM also received \$169,135 in interest revenue from all its investments in CalTRUST for the first quarter of FY2017-18.

Expenditure Highlights:

Total expenditure for the first quarter of the year is about \$1.24 million. Expenditures are on a cash basis and there are delays due to time needed by vendors to prepare and submit payment requests.

Budget Amendments:

The following budget amendments are proposed for the first quarter of FY2017-18:

- Increase the budget amount for budget line “TAM Junction Construction Management & Construction” under Professional Services by \$430,000, from \$250,000 to 680,000. Net project cost increase is \$70,000 due to various change orders. The major of the budget increase is rollover from last year to this year due to construction delays.
- Increase the budget amount for budget line “STP/SLPP Swap Projects” under Measure A Sales Tax Programs/Projects by \$1,211,798,000, from \$484,000 to 1,695,798. The increase of budget is to reflect the share of the State-Local Partnership Program (SLPP) swap funding that Miller Ave Rehabilitation Project received and spent in the first quart of FY2017-18.

Investment with CalTRUST:

Attachment 6 of the staff report provides a detailed investment report for each of the funds invested with CalTRUST with the monthly interest earnings and unrealized gain/loss as of September 30, 2017.

FISCAL CONSIDERATION:

None

NEXT STEPS:

Second quarter financial report for FY2017-18 will be provided for review in January 2018.

ATTACHMENTS:

- Attachment 1 FY2017-18 Budget to Actual Comparison as of 9/30/17
- Attachment 2 Proposed FY2017-18 Budget Amendments as of 9/30/17
- Attachment 3 FY2017-18 Revenue and Expenditure Report as of 9/30/17– Measure A ½ Cent Sales Tax Detail
- Attachment 4 FY2016-17 and FY2017-18 Monthly Measure A Sales Tax Disbursement Comparison
- Attachment 5 FY2016-17 and FY2017-18 Monthly Measure B VRF Disbursement Comparison
- Attachment 6 CalTRUST Investment Monthly Interest Income Summary – 9/30/17
- Attachment 7 FY2017-18 Budget Revenue and Expenditure Overview
- Attachment 8 Transportation Acronyms

Attachment I: FY2017-18 Budget to Actual Comparison as of 9/30/17

Budget Line Items	Annual Budget	Actual 9/30/17	\$ Difference	Actual as % of Budget
Measure A Sales Tax Revenue	25,960,000	6,724,954	(19,235,046)	25.91%
Measure B VRF Revenue	2,350,000	619,190	(1,730,810)	26.35%
Cities/Towns and County Contribution	559,000	559,000	-	100.00%
Interest Revenue	355,000	169,135	(185,865)	47.64%
MTC STP/CMAQ Planning Fund and OBAG Grants	923,138	-	(923,138)	0.00%
MTC Regional Measure 2 Fund	1,215,000	-	(1,215,000)	0.00%
Transportation For Clean Air Funding	360,000	-	(360,000)	0.00%
State STIP PPM Fund	206,000	-	(206,000)	0.00%
STIP/RTIP Funds	721,786	-	(721,786)	0.00%
Federal Highway Bridge Program Fund	236,326	-	(236,326)	0.00%
Nonmotorized Transportation Pilot Program Fund	46,935	-	(46,935)	0.00%
MTC Climate Initiatives Program Grant/CMAQ	215,542	-	(215,542)	0.00%
<i>Total Revenue Available</i>	33,148,726	8,072,279	(25,076,447)	24.35%
EXPENDITURES				
Administration				
Salaries & Benefits	2,307,703	699,681	1,608,022	30.32%
LGS Insurance and HR/Payroll Service Cost	214,377	-	214,377	0.00%
Office Lease	250,000	78,496	171,504	31.40%
Agencywide IT and Computer Equipment Upgrade	30,000	11,260	18,740	37.53%
Equipment Purchase/Lease	10,000	1,894	8,106	18.94%
Telephone/Internet/ Web Hosting Services	25,000	4,203	20,797	16.81%
Office Supplies	30,000	13,549	16,451	45.16%
Update/Improvement of TAM Website	20,000	700	19,300	3.50%
Classification Study	30,000	-	30,000	0.00%
Insurance	8,000	787	7,213	9.83%
Financial Audit	25,000	-	25,000	0.00%
Legal Services	120,000	-	120,000	0.00%
Document Reproduction	65,000	-	65,000	0.00%
Memberships	25,000	14,950	10,050	59.80%
Travel/Meetings/Conferences	31,500	4,382	27,119	13.91%
Carshare Membership	3,000	144	2,856	4.81%
Electric Bike Purchase/Lease	3,000	-	3,000	0.00%
Professional Development	5,000	188	4,812	3.76%
Human Resources/Board Support	70,000	9,618	60,382	13.74%
Information Technology/Web Support	45,000	8,898	36,102	19.77%

Budget Line Items	Annual Budget	Actual 9/30/17	\$ Difference	Actual as % of Budget
Annual Support & Upgrade of Financial System	15,000	5,460	9,540	36.40%
Misc. Expenses	13,700	285	13,415	2.08%
Subtotal, Administration	3,346,280	854,494	2,491,786	25.54%
Professional Services			-	
Bellam Blvd 101 Off-ramp Improvements - Design	450,000	-	450,000	0.00%
East Sir Francis Drake Blvd Improvements of Access to RSR Bridge - Design Support	100,000	-	100,000	0.00%
Bike Path Improvement on Sir Francis Drake Fly-over	250,000	-	250,000	0.00%
580/101 Direct Connector Feasibility Study	150,000	-	150,000	0.00%
CMP Update/Traffic Monitoring	30,000	-	30,000	0.00%
Traffic Model Maintenance & Update	200,000	1,871	198,129	0.94%
Trip Monitoring and Reporting	25,000	-	25,000	0.00%
Countywide Bike/Pedestrian Plan Update	10,000	2,964	7,036	29.64%
Project Management Oversight	280,000	-	280,000	0.00%
MSN B1 Phase 2 & A4 Design	706,000	-	706,000	0.00%
MSN San Antonio Curve Correction Construction Support	150,000	-	150,000	0.00%
MSN San Antonio Bridge Replacement Design	200,000	-	200,000	0.00%
HOV Gap Closure Mitigation - Brookdale /Maintenance	20,000	-	20,000	0.00%
State Legislative Assistance	35,000	8,750	26,250	25.00%
Financial Advisor Services	20,000	750	19,250	3.75%
North/South Greenway Gap Closure PS&E	425,000	48,808	376,192	11.48%
TAM Junction Construction Management & Construction	250,000	-	250,000	0.00%
Public Outreach Service	25,000	18,299	6,701	73.20%
Street Smart Program Implementation	35,000	-	35,000	0.00%
Carshare Pilot Program Implementation	125,000	-	125,000	0.00%
Highway 101 Ramp Metering Special Study	50,000	-	50,000	0.00%
Highway 101 Bus on Shoulder White Paper	50,000	-	50,000	0.00%
CMFC Onsite Re-Vegetation Mitigation Monitoring and Reporting	15,000	-	15,000	0.00%
Consulting Pool	65,000	27,341	37,659	42.06%
Subtotal, Professional Services	3,666,000	108,783	3,007,217	2.97%
Measure A Sales Tax Programs/Projects				
Measure A Compliance Audit	20,000	-	20,000	0.00%
Bike/Ped Path Maintenance	166,000	-	166,000	0.00%
GGT Ferry Shuttle Service Contribution through MT	85,000	-	85,000	0.00%

Budget Line Items	Annual Budget	Actual 9/30/17	\$ Difference	Actual as % of Budget
Central Marin Ferry Connector - SMART Insurance Policy	25,000	-	25,000	0.00%
Strategy 1 - Transit	18,814,534	-	18,814,534	0.00%
<i>Substrategy 1.1 - Local Bus Transit Service</i>	<i>10,200,000</i>	<i>-</i>	<i>10,200,000</i>	<i>0.00%</i>
<i>Substrategy 1.2 - Rural Bus Transit System</i>	<i>1,200,000</i>	<i>-</i>	<i>1,200,000</i>	<i>0.00%</i>
<i>Substrategy 1.3 - Special Needs Transit Services</i>	<i>2,154,534</i>	<i>-</i>	<i>2,154,534</i>	<i>0.00%</i>
<i>Substrategy 1.4 - Bus Transit Facilities</i>	<i>5,260,000</i>	<i>-</i>	<i>5,260,000</i>	<i>0.00%</i>
Strategy 2 - Hwy 101 Gap Closure/Debt Reserve	484,000	-	484,000	0.00%
<i>STP/SLPP Swap Projects</i>	<i>484,000</i>	<i>-</i>	<i>484,000</i>	<i>0.00%</i>
Strategy 3 - Local Transportation Infrastructure	10,506,419	-	10,506,419	0.00%
<i>Substrategy 3.1 - Major Roads</i>	<i>7,050,000</i>	<i>-</i>	<i>7,050,000</i>	<i>0.00%</i>
<i>Substrategy 3.2 - Local Roads</i>	<i>3,456,419</i>	<i>-</i>	<i>3,456,419</i>	<i>0.00%</i>
Strategy 4 - Safer Access to Schools.	3,883,000	249,766	3,633,234	6.43%
<i>Substrategy 4.1 - Safe Routes to Schools</i>	<i>823,000</i>	<i>34,715</i>	<i>788,285</i>	<i>4.22%</i>
<i>Substrategy 4.2 - Crossing Guards</i>				
<i>Crossing Guards Services</i>	<i>1,350,000</i>	<i>7,404</i>		<i>0.55%</i>
<i>Crossing Guards Count Services</i>	<i>110,000</i>	<i>-</i>		<i>0.00%</i>
<i>Substrategy 4.3 - Safe Pathways to School</i>				
<i>Safe Pathways Plan Development</i>	<i>100,000</i>	<i>12,314</i>	<i>87,686</i>	<i>12.31%</i>
<i>Safe Pathway Capital Projects</i>	<i>1,500,000</i>	<i>195,333</i>	<i>1,304,667</i>	<i>13.02%</i>
Subtotal, Measure A Programs	33,983,953	249,766	33,649,187	0.73%
Measure B VRF Programs				
Element 1 - Maintain Local Streets & Pathways	112,000	-	112,000	0.00%
<i>Element 1.1 - Local Streets</i>	<i>-</i>	<i>-</i>	<i>-</i>	
<i>Element 1.2 - Bike/Ped Pathways Maintenance</i>	<i>112,000</i>	<i>-</i>	<i>112,000</i>	<i>0.00%</i>
Element 2 - Seniors & Disabled Mobility	1,045,000	-	1,045,000	0.00%
<i>Element 2.1 - Mobility Management Programs</i>	<i>140,000</i>	<i>-</i>	<i>140,000</i>	<i>0.00%</i>
<i>Element 2.2 - Paratransit & Low Income Scholarships</i>	<i>185,000</i>	<i>-</i>	<i>185,000</i>	<i>0.00%</i>
<i>Element 2.3 - Paratransit Plus</i>	<i>500,000</i>	<i>-</i>	<i>500,000</i>	<i>0.00%</i>
<i>Element 2.4 - Volunteer Drive & Gap Grant</i>	<i>220,000</i>	<i>-</i>	<i>220,000</i>	<i>0.00%</i>
Element 3 - Reduce Congestion & Pollution	660,000	26,375	633,625	4.00%
<i>Element 3.1 - Safe Routes to School</i>	<i>150,000</i>	<i>3,185</i>	<i>146,815</i>	<i>2.12%</i>
<i>Element 3.2 - Trans. Demand Management</i>	<i>200,000</i>	<i>4,600</i>	<i>195,400</i>	<i>2.30%</i>
<i>Lyft Partnership Agreement</i>	<i>70,000</i>	<i>-</i>	<i>70,000</i>	<i>0.00%</i>
<i>Element 3.3 - Discretionary Fuel (EV) Programs</i>	<i>240,000</i>	<i>18,590</i>	<i>221,410</i>	<i>7.75%</i>
Subtotal, Measure B Programs	1,817,000	26,375	1,790,625	1.45%

Budget Line Items	Annual Budget	Actual 9/30/17	\$ Difference	Actual as % of Budget
Interagency Agreements				
CMFC County Agreement RM2 (Maintenance Parks Dept.)	25,000	-	25,000	0.00%
Highway 101 Ramp Metering Local Support North-South Greenway (Southern Segment)- County Project Management	50,000	-	50,000	0.00%
HOV Gap Closure Offsite Landscaping Mitigation Funding Agreement - Caltrans	750,000	-	750,000	0.00%
SR37 Study Funding Contribution - Agreement	400,000	-	400,000	0.00%
Funding Agreement with Larkspur For East SF Drake Improvement Project	20,000	-	20,000	0.00%
County Lower Marin City Drainage Study Agreement	2,300,000	-	2,300,000	0.00%
Novato Pedestrian Access to Transit and Crosswalk Improvement Project Agreement	75,000	-	75,000	0.00%
Caltrans MSN A2 and A3 Construction Support	302,100	-	302,100	0.00%
Sausalito - Gate 6 Bridgeway Intersection Improvements	167,000	-	167,000	0.00%
Marin County - Signal Improvements/Upgrades on SFD Blvd	156,000	-	156,000	0.00%
Corte Madera - Tamal Vista Blvd Bike/Ped Improvements	340,000	-	340,000	0.00%
San Rafael - Multi Pathway - 2nd Street to Anderson Drive	526,000	-	526,000	0.00%
Marin Transit - Downtown Novato Bus Stop Improvement Project	250,000	-	250,000	0.00%
Subtotal, Interagency Agreements	5,672,100	-	5,672,100	0.00%
Other Project/Program Expenditures				
TFCA - Reimbursement of Various Capital Projects	786,000	-	786,000	0.00%
Subtotal, Other Capital Expenditures	786,000	-	786,000	0.00%
Total Expenditures	49,271,333	1,239,418	47,396,915	2.52%

Attachment 2: FY2017-18 Budget to Actual Comparison as of 9/30/17

Budget Line Items	Annual Budget	Proposed Amendments	Revised Budget
Measure A Sales Tax Revenue	25,960,000	-	25,960,000
Measure B VRF Revenue	2,350,000	-	2,350,000
Cities/Towns and County Contribution	559,000	-	559,000
Interest Revenue	355,000	-	355,000
MTC STP/CMAQ Planning Fund and OBAG Grants	923,138	-	923,138
MTC Regional Measure 2 Fund	1,215,000	-	1,215,000
Transportation For Clean Air Funding	360,000	-	360,000
State STIP PPM Fund	206,000	-	206,000
STIP/RTIP Funds	721,786	-	721,786
Federal Highway Bridge Program Fund	236,326	-	236,326
Nonmotorized Transportation Pilot Program Fund	46,935	-	46,935
MTC Climate Initiatives Program Grant/CMAQ	215,542	-	215,542
<i>Total Revenue Available</i>	33,148,726	-	33,148,726
EXPENDITURES			
Administration			
Salaries & Benefits	2,307,703	-	2,307,703
LGS Insurance and HR/Payroll Service Cost	214,377	-	214,377
Office Lease	250,000	-	250,000
Agencywide IT and Computer Equipment Upgrade	30,000	-	30,000
Equipment Purchase/Lease	10,000	-	10,000
Telephone/Internet/ Web Hosting Services	25,000	-	25,000
Office Supplies	30,000	-	30,000
Update/Improvement of TAM Website	20,000	-	20,000
Classification Study	30,000	-	30,000
Insurance	8,000	-	8,000
Financial Audit	25,000	-	25,000
Legal Services	120,000	-	120,000
Document Reproduction	65,000	-	65,000
Memberships	25,000	-	25,000
Travel/Meetings/Conferences	31,500	-	31,500
Carshare Membership	3,000	-	3,000
Electric Bike Purchase/Lease	3,000	-	3,000
Professional Development	5,000	-	5,000
Human Resources/Board Support	70,000	-	70,000
Information Technology/Web Support	45,000	-	45,000

Budget Line Items	Annual Budget	Proposed Amendments	Revised Budget
Annual Support & Upgrade of Financial System	15,000	-	15,000
Misc. Expenses	13,700	-	13,700
<i>Subtotal, Administration</i>	3,346,280	-	3,346,280
Professional Services			
Bellam Blvd 101 Off-ramp Improvements - Design	450,000	-	450,000
East Sir Francis Drake Blvd Improvements of Access to RSR Bridge - Design Support	100,000	-	100,000
Bike Path Improvement on Sir Francis Drake Fly-over	250,000	-	250,000
580/101 Direct Connector Feasibility Study	150,000	-	150,000
CMP Update/Traffic Monitoring	30,000	-	30,000
Traffic Model Maintenance & Update	200,000	-	200,000
Trip Monitoring and Reporting	25,000	-	25,000
Countywide Bike/Pedestrian Plan Update	10,000	-	10,000
Project Management Oversight	280,000	-	280,000
MSN B1 Phase 2 & A4 Design	706,000	-	706,000
MSN San Antonio Curve Correction Construction Support	150,000	-	150,000
MSN San Antonio Bridge Replacement Design	200,000	-	200,000
HOV Gap Closure Mitigation - Brookdale /Maintenance	20,000	-	20,000
State Legislative Assistance	35,000	-	35,000
Financial Advisor Services	20,000	-	20,000
North/South Greenway Gap Closure PS&E	425,000	-	425,000
TAM Junction Construction Management & Construction	250,000	430,000	680,000
Public Outreach Service	25,000	-	25,000
Street Smart Program Implementation	35,000	-	35,000
Carshare Pilot Program Implementation	125,000	-	125,000
Highway 101 Ramp Metering Special Study	50,000	-	50,000
Highway 101 Bus on Shoulder White Paper	50,000	-	50,000
CMFC Onsite Re-Vegetation Mitigation Monitoring and Reporting	15,000	-	15,000
Consulting Pool	65,000	-	65,000
<i>Subtotal, Professional Services</i>	3,666,000	430,000	4,096,000
Measure A Sales Tax Programs/Projects			
Measure A Compliance Audit	20,000	-	20,000
Bike/Ped Path Maintenance	166,000	-	166,000
GGT Ferry Shuttle Service Contribution through MT	85,000	-	85,000

Budget Line Items	Annual Budget	Proposed Amendments	Revised Budget
Central Marin Ferry Connector - SMART Insurance Policy	25,000	-	25,000
Strategy 1 - Transit	18,814,534	-	18,814,534
<i>Substrategy 1.1 - Local Bus Transit Service</i>	10,200,000	-	10,200,000
<i>Substrategy 1.2 - Rural Bus Transit System</i>	1,200,000	-	1,200,000
<i>Substrategy 1.3 - Special Needs Transit Services</i>	2,154,534	-	2,154,534
<i>Substrategy 1.4 - Bus Transit Facilities</i>	5,260,000	-	5,260,000
Strategy 2 - Hwy 101 Gap Closure/Debt Reserve	484,000	1,211,798	1,695,798
<i>STP/SLPP Swap Project</i>	484,000	1,211,798	1,695,798
Strategy 3 - Local Transportation Infrastructure	10,506,419	-	10,506,419
<i>Substrategy 3.1 - Major Roads</i>	7,050,000	-	7,050,000
<i>Substrategy 3.2 - Local Roads</i>	3,456,419	-	3,456,419
Strategy 4 - Safer Access to Schools.	3,883,000	-	3,883,000
<i>Substrategy 4.1 - Safe Routes to Schools</i>	823,000	-	823,000
<i>Substrategy 4.2 - Crossing Guards</i>			
<i>Crossing Guards Services</i>	1,350,000	-	1,350,000
<i>Crossing Guards Count Services</i>	110,000	-	110,000
<i>Substrategy 4.3 - Safe Pathways to School</i>			
<i>Safe Pathways Plan Development</i>	100,000	-	100,000
<i>Safe Pathway Capital Projects</i>	1,500,000	-	1,500,000
Subtotal, Measure A Programs	33,983,953	1,211,798	35,110,751
Measure B VRF Programs			
<i>Element 1 - Maintain Local Streets & Pathways</i>	112,000	-	112,000
<i>Element 1.1 - Local Streets</i>	-	-	-
<i>Element 1.2 - Bike/Ped Pathways Maintenance</i>	112,000	-	112,000
<i>Element 2 - Seniors & Disabled Mobility</i>	1,045,000	-	1,045,000
<i>Element 2.1 - Mobility Management Programs</i>	140,000	-	140,000
<i>Element 2.2 - Paratransit & Low Income Scholarships</i>	185,000	-	185,000
<i>Element 2.3 - Paratransit Plus</i>	500,000	-	500,000
<i>Element 2.4 - Volunteer Drive & Gap Grant</i>	220,000	-	220,000
<i>Element 3 - Reduce Congestion & Pollution</i>	660,000	-	660,000
<i>Element 3.1 - Safe Routes to School</i>	150,000	-	150,000
<i>Element 3.2 - Trans. Demand Management</i>	200,000	-	200,000
<i>Lyft Partnership Agreement</i>	70,000	-	70,000
<i>Element 3.3 - Discretionary Fuel (EV) Programs</i>	240,000	-	240,000
Subtotal, Measure B Programs	1,817,000	-	1,817,000

Budget Line Items	Annual Budget	Proposed Amendments	Revised Budget
Interagency Agreements			
CMFC County Agreement RM2 (Maintenance Parks Dept.)	25,000	-	25,000
Highway 101 Ramp Metering Local Support	50,000	-	50,000
North-South Greenway (Southern Segment)- County Project Management	750,000	-	750,000
HOV Gap Closure Offsite Landscaping Mitigation Funding Agreement - Caltrans	400,000	-	400,000
SR37 Study Funding Contribution - Agreement	20,000	-	20,000
Funding Agreement with Larkspur For East SF Drake Improvement Project	2,300,000	-	2,300,000
County Lower Marin City Drainage Study Agreement	75,000	-	75,000
Novato Pedestrian Access to Transit and Crosswalk Improvement Project Agreement	302,100	-	302,100
Caltrans MSN A2 and A3 Construction Support	167,000	-	167,000
Sausalito - Gate 6 Bridgeway Intersection Improvements	156,000	-	156,000
Marin County - Signal Improvements/Upgrades on SFD Blvd	340,000	-	340,000
Corte Madera - Tamal Vista Blvd Bike/Ped Improvements	526,000	-	526,000
San Rafael - Multi Pathway - 2nd Street to Anderson Drive	250,000	-	250,000
Marin Transit - Downtown Novato Bus Stop Improvement Project	311,000	-	311,000
<i>Subtotal, Interagency Agreements</i>	<i>5,672,100</i>	<i>-</i>	<i>5,672,100</i>
Other Project/Program Expenditures			
TFCA - Reimbursement of Various Capital Projects	786,000	-	786,000
<i>Subtotal, Other Capital Expenditures</i>	<i>786,000</i>	<i>-</i>	<i>786,000</i>
<i>Total Expenditures</i>	<i>49,271,333</i>	<i>1,641,798</i>	<i>50,828,131</i>

Attachment 3: FY2017-18 Revenue and Expenditure Report as of 9/30/17 – Measure A 1/2 Cent Sales Tax Detail

Item 7 - Attachment

Budget Line	Interest	5% Reserve	1% Admin	4% Program	Strategy PM	S - 1.1 Local Bus	S - 1.2 Rural Bus	S - 1.3 Para.	S - 1.4 Cap. Imp.	S - 2 Gap Closure	S - 3.1 Major Roads	S - 3.2 Local Roads	S - 4.1 SR2S	S - 4.2 C. Guards	S - 4.3 Pathways	Total
REVENUE																
FY2017 Accrual Balance *	3,419,976	5,285,266	144,964	896,559	-	6,115,985	713,850	376,161	4,786,363	1,022,975	10,307,097	3,343,416	1,400,081	919,476	1,453,183	40,185,351
FY2018 Revenue	-	-	27,217	108,866	39,583	950,289	77,050	231,151	154,101	195,833	331,897	342,314	79,006	100,552	83,794	2,721,654
EXPENSES																
ADMINISTRATION																
Salaries & Benefits				299,825												299,825
LGS Insurance and HR/Payroll Service Cost																-
Office Lease				78,496												78,496
Agencywide IT and Computer Equipment Upgrade				11,260												11,260
Equipment Purchase/Lease				1,894												1,894
Telephone/Internet/ Web Hosting Services				4,203												4,203
Office Supplies				13,549												13,549
Update/Improvement of TAM Website				700												700
Classification Study																-
Insurance				787												787
Financial Audit																-
Legal Services																-
Document Reproduction																-
Memberships				2,950												2,950
Travel/Meetings/Conferences				2,616												2,616
Carshare Membership				144												144
Electric Bike Purchase/Lease																-
Professional Development				188												188
Human Resources/Payroll/Board Support				9,618												9,618
Information Technology Support				8,898												8,898
Annual Support & Upgrade of Financial System				5,460												5,460
Misc Expenses																-
PROFESSIONAL SERVICES																
Bellam Blvd 101 Off-ramp Improvements - Design																-
ESFD Blvd Impr of Access to RSR Bridge - Design Support																-
Bike Path Improvement on Sir Francis Drake Fly-over																-
580/101 Direct Connector Feasibility Study																-
Project Management Oversight																-
Financial Advisor Services				750												750
Public Outreach Service Support																-
Consulting Pool																-
MEASURE A SALES TAX PROGRAMS/PROJECTS																
Measure A Compliance Audit																-
Bike/Ped Path Maintenance																-
GGT Ferry Shuttle Service Contribution through MT																-
Central Marin Ferry Connector - SMART Insurance Policy																-
Strategy 1 - Transit																-
Strategy 2 - Gap Closure																-
Strategy 3 - Streets & Roads																-
Strategy 4- Safe Routes													34,715	7,404	211,648	253,766
INTERAGENCY AGREEMENTS																
Funding Agreement with Larkspur For East SF Drake Improvement Project																-
County Lower Marin City Drainage Study Agreement																-
Novato Pedestrian Access to Transit and Crosswalk Improvement Project Agreement																-
Total Expenses	-	-	-	441,337	-	-	-	-	-	-	-	-	34,715	7,404	211,648	695,104
BALANCE	3,419,976	5,285,266	172,181	564,088	39,583	7,066,274	790,900	607,312	4,940,464	1,218,809	10,638,994	3,685,729	1,444,371	1,012,625	1,325,329	42,211,901

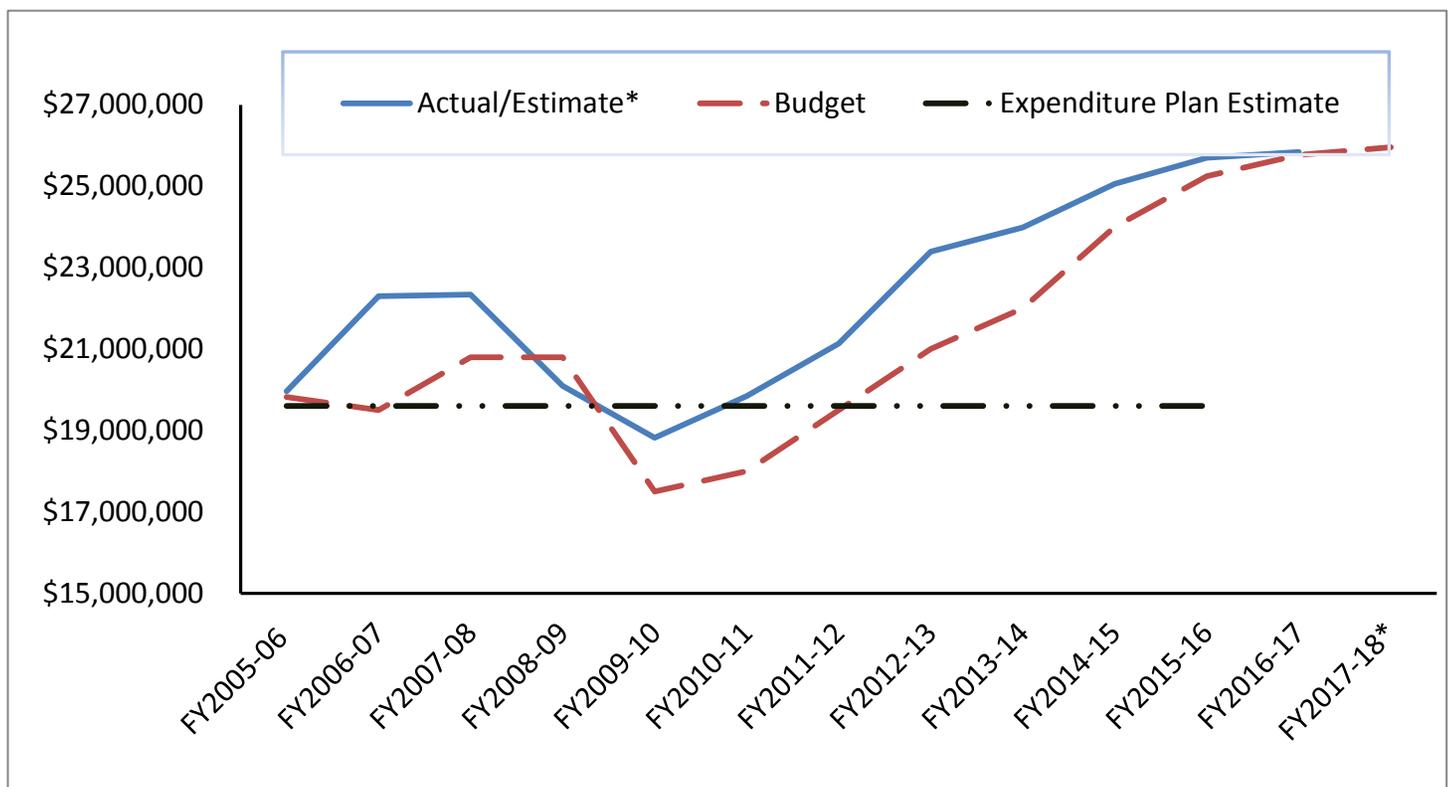
* FY2016-17 audit is still in process and the numbers are subject to change.

Attachment 4.1: Monthly Measure A 1/2 Sales Tax Disbursement Comparison

(Cash Disbursement from July to June)

		FY2017	FY2018	\$ Difference	% Difference
Actuals	July	1,750,700	1,715,700	(35,000)	-2.00%
	August	2,334,300	2,287,600	(46,700)	-2.00%
	September	2,359,141	2,721,654	362,513	15.37%
Actual / Budget	October	1,784,300	-	(1,784,300)	-100.00%
	November	2,379,100	-	(2,379,100)	-100.00%
	December	2,330,771	-	(2,330,771)	-100.00%
	January	1,921,100	-	(1,921,100)	-100.00%
	February	2,561,400	-	(2,561,400)	-100.00%
	March	2,110,685	-	(2,110,685)	-100.00%
	April	1,557,800	-	(1,557,800)	-100.00%
	May	2,077,100	-	(2,077,100)	-100.00%
	June	2,671,065	-	(2,671,065)	-100.00%
	July-September	<u>6,444,141</u>	<u>6,724,954</u>	<u>280,813</u>	<u>4.36%</u>
	Annual Disbursement	<u>25,837,461</u>			
	FY2018 Annual Budget		<u>25,960,000</u>		

Attachment 4.2 Measure A 1/2 Sales Tax Actual Vs. Budget Comparison



Attachment 5: FY2017 and FY2018 Monthly Measure B VRF Disbursement Comparison

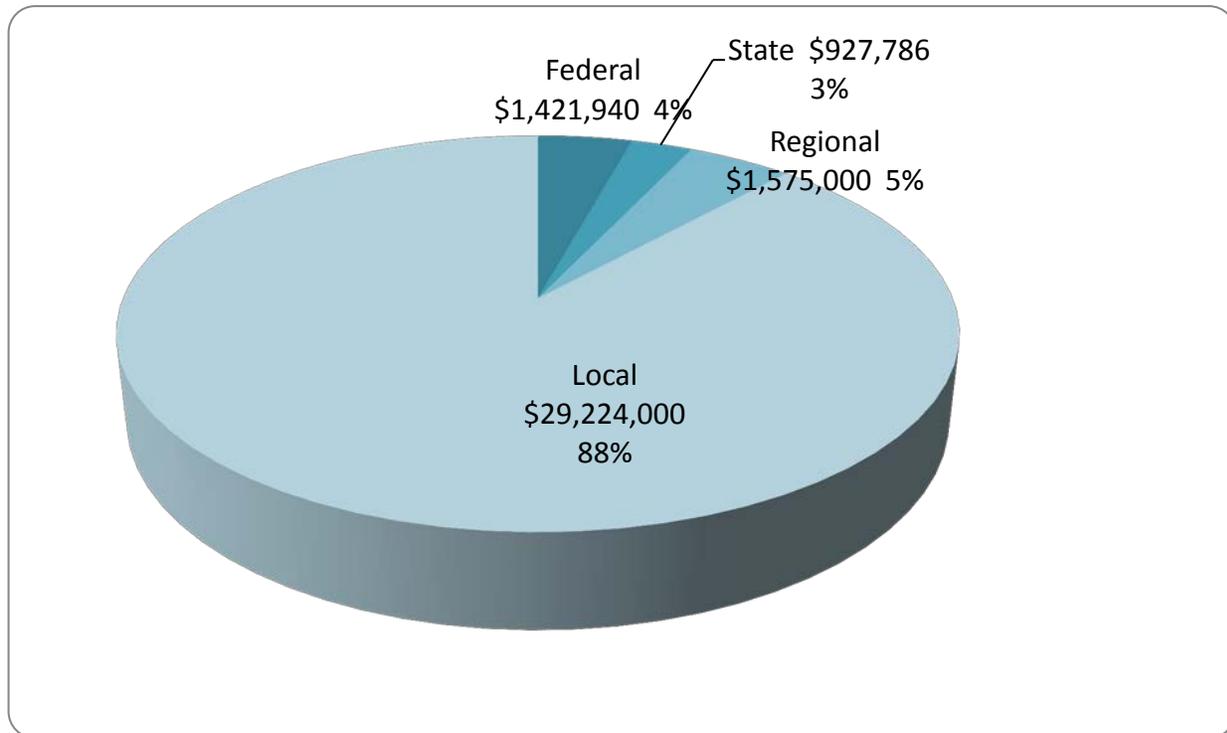
(Cash Disbursement from July to June)

		FY2017	FY2018	\$ Difference	% Difference
Actual	July	218,249	212,315	(5,935)	-2.72%
	August	215,745	211,733	(4,011)	-1.86%
	September	200,622	195,142	(5,480)	-2.73%
Actual / Budget	October	222,554		(222,554)	-100.00%
	November	211,515		(211,515)	-100.00%
	December	190,745		(190,745)	-100.00%
	January	184,065		(184,065)	-100.00%
	February	184,149		(184,149)	-100.00%
	March	193,006		(193,006)	-100.00%
	April	194,424		(194,424)	-100.00%
	May	214,507	-	(214,507)	-100.00%
	June	180,005	-	(180,005)	-100.00%
	July-September	<u>634,616</u>	<u>619,190</u>	<u>(1,201,460)</u>	<u>-2.43%</u>
	Annual Disbursement	<u>2,409,586</u>			
	FY2018 Annual Budget		<u>2,350,000</u>		

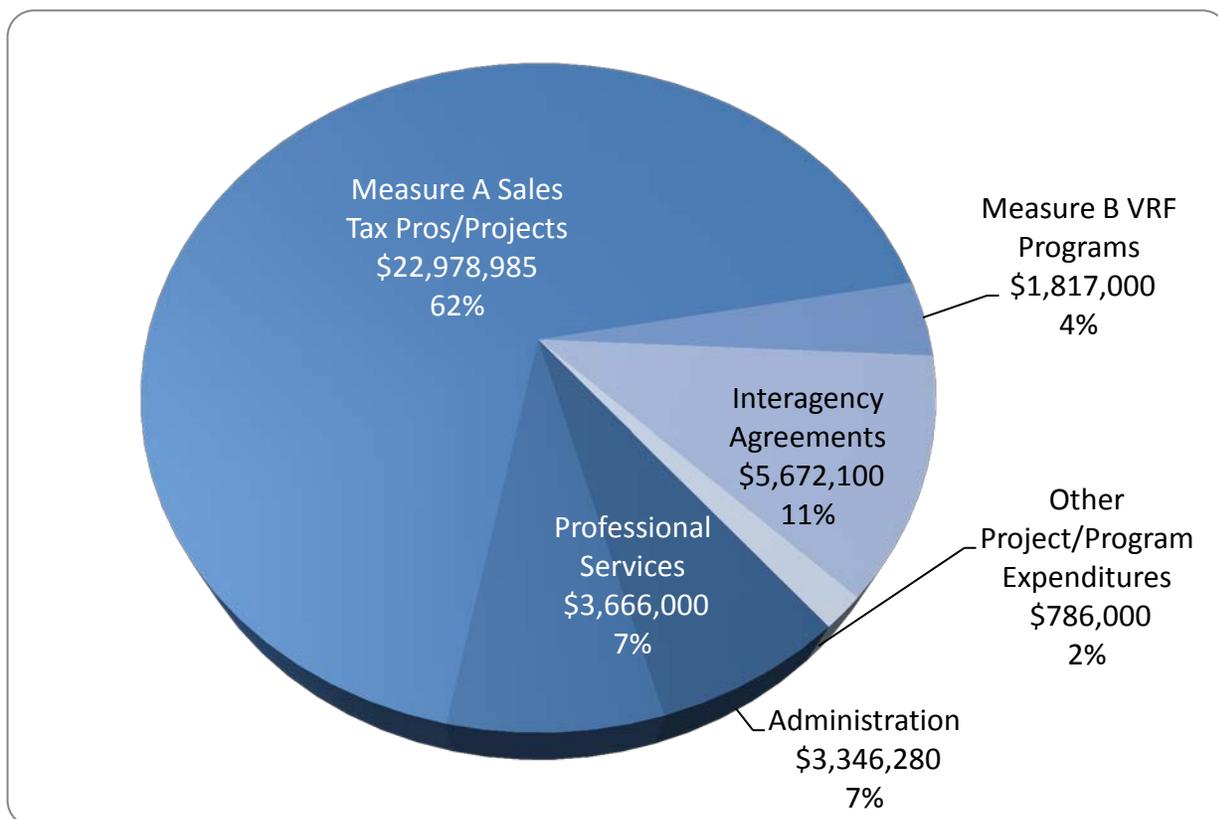
Attachment 6: CalTRUST Investment Monthly Interest Income by Account
(July - September 2017)

	General CMA		Mea. A Sales Tax	Mea. B VRF		TFCA		Total
	Short Term	Medium Term	Medium Term	Short Term	Medium Term	Short Term	Medium Term	CalTRUST
Principal Investment	\$ 808,530	\$ 2,000,000	\$ 38,393,102	\$ 500,000	\$ 3,072,287	\$ 500,000	\$ 831,950	\$ 46,105,869
Prior Reinvested Interest Revenue	\$ 8,115	\$ 24,871	\$ 970,437	\$ 11,258	\$ 59,641	\$ 11,258	\$ 10,345	\$ 1,095,926
FY2017-18 Monthly Interest Income								
<i>July-17</i>	\$ 773	\$ 2,363	\$ 45,966	\$ 484	\$ 3,656	\$ 484	\$ 983	\$ 54,710
<i>August-17</i>	\$ 878	\$ 2,562	\$ 49,827	\$ 550	\$ 3,963	\$ 550	\$ 1,066	\$ 59,395
<i>September-17</i>	\$ 800	\$ 2,375	\$ 46,191	\$ 501	\$ 3,674	\$ 501	\$ 988	\$ 55,030
<i>October-17</i>								\$ -
<i>November-17</i>								\$ -
<i>December-17</i>								\$ -
<i>January-18</i>								\$ -
<i>February-18</i>								\$ -
<i>March-18</i>								\$ -
<i>April-18</i>								\$ -
<i>May-18</i>								\$ -
<i>June-18</i>								\$ -
Total for the 1st Quarter	\$ 2,452	\$ 7,299	\$ 141,983	\$ 1,535	\$ 11,294	\$ 1,535	\$ 3,036	\$ 169,135
Unrealized Gain/(Loss) - 9/30/2017	\$ (3)	\$ (8,038)	\$ (133,497)	\$ (5)	\$ (11,443)	\$ (5)	\$ (3,344)	\$ (156,334)
Market Value - 9/30/2017	\$ 819,093	\$ 2,024,133	\$ 39,372,026	\$ 512,789	\$ 3,131,778	\$ 512,789	\$ 841,988	\$ 47,214,596

Attachment 7.1: FY2017-18 Budget Revenue Overview by Funding Source



Attachment 7.2: FY2017-18 Budget Expenditure Overview by Category



Note: Administration category includes all TAM's staff costs at \$2.22 million. Please note that the majority of the staff costs are for direct project and program management.

Attachment 8 - Transportation Acronyms

Acronym	Full Term
ABAG	Association of Bay Area Governments
ADA	Americans with Disabilities Act
BAAQMD	Bay Area Air Quality Management District
BATA	Bay Area Toll Authority
BART	Bay Area Rapid Transit
BCDC	Bay Conservation and Development Commission
BPAC	Bicycle / Pedestrian Advisory Committee
BRT	Bus Rapid Transit
BTA	Bicycle Transportation Account
Caltrans	California Department of Transportation
CEQA	California Environmental Quality Act
CIP	Capital Investment Program
CMA	Congestion Management Agency
CMAQ	Congestion Mitigation and Air Quality
CMFC	Central Marin Ferry Connection
CMP	Congestion Management Program
CO-OP	Cooperative Agreement
CTC	California Transportation Commission
DPW	Department of Public Works
EIR	Environmental Impact Report
EV	Electric Vehicle
FHWA	Federal Highway Administration
FTA	Federal Transit Administration
FY	Fiscal Year
GGT	Golden Gate Transit
GGBHTD	Golden Gate Bridge Highway and Transportation District
HOT Lane	High Occupancy Toll Lane
HOV Lane	High Occupancy Vehicle Lane
ITIP	Interregional Transportation Improvement Program
ITS	Intelligent Transportation Systems
JARC	Job Access and Reverse Commute
LATIP	Local Area Transportation Improvement Program
LOS	Level of Service
MCBC	Marin County Bicycle Coalition
MPO	Metropolitan Planning Organization
MPWA	Marin Public Works Association
MT	Marin Transit
MTC	Metropolitan Transportation Commission

Attachment 8 - Transportation Acronyms

Acronym	Full Term
MTS	Metropolitan Transportation System
Neg Dec	Negative Declaration
NEPA	National Environmental Policy Act
NOP	Notice of Preparation
NTPP	Non-motorized Transportation Pilot Program
OBAG	One Bay Area Grant
PAED	Project Approval and Environmental Document
PCA	Priority Conservation Area
PCI	Pavement Condition Index
PDA	Priority Development Area
PS&E	Plans, Specifications and Engineers Estimate
PSR	Project Study Report
RHNA	Regional Housing Needs Allocation
RM2	Regional Measure 2 (Bridge Toll)
RTIP	Regional Transportation Improvement Program
RTP	Regional Transportation Plan
SCS	Sustainable Communities Strategy
SLPP	State-Local Partnership Program
SMART	Sonoma Marin Area Rail Transit
SR	State Route
SR2S/SRTS	Safe Routes to Schools
STA	State Transit Assistance
STIP	State Transportation Improvement Program
STP	Federal Surface Transportation Program
TCM	Transportation Control Measures
TCRP	Transportation Congestion Relief Program
TDA	Transportation Development Act
TDM	Transportation Demand Management
TFCA	Transportation Fund for Clean Air
TIP	Federal Transportation Improvement Program
TLC	Transportation for Livable Communities
TMP	Traffic Management Plan
TMS	Transportation Management System
TNC	Transportation Network Company
TOD	Transit-Oriented Development
TOS	Transportation Operations Systems
VMT	Vehicle Miles Traveled
VRF	Vehicle Registration Fee