

# Transportation Authority of Marin

## Comprehensive Annual Financial Report

*For the Fiscal Year Ended on June 30 2018*

*San Rafael, California*



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**Transportation Authority of Marin**

# **Comprehensive Annual Financial Report**

*For the Fiscal Year Ended June 30 2018*

*Prepared by the Finance and Administration Team*

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# TRANSPORTATION AUTHORITY OF MARIN

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JUNE 30, 2018

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*INTRODUCTORY SECTION*

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December 6, 2018

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**San Rafael**  
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**County of Marin**  
Damon Connolly  
Katie Rice  
Kathrin Sears

The Board of Commissioners  
Transportation Authority of Marin

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Transportation Authority of Marin (TAM) for the fiscal year ended June 30, 2018. The financial statements are presented in conformity with generally accepted accounting principles and were audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

The Measure A ½-Cent Transportation Sales Tax and the Measure B \$10 Vehicle Registration Fee Expenditure Plans require an annual audit of TAM's financial statements. This report is published to fulfill the requirement for the fiscal year ended June 30, 2018.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe the controls and procedures in place are adequate to ensure the accuracy of reported data in all material respects, and TAM's financial position is presented fairly.

Vavrinek, Trine, Day & Co. LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on TAM's financial statements for the year ended June 30, 2018. The independent auditor's report is located at the front of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. TAM's MD&A can be found immediately following the report of the independent auditors. Responsibility for the accuracy, completeness and fairness of the presented data and the clarity of presentation, including all disclosures, rests with the management of TAM.

## PROFILE OF THE GOVERNMENT

TAM plays a major role in improving the quality of life for Marin County residents. It develops and maintains the economic viability of our local region by funding transportation projects and programs that improve mobility, reduce congestion, and provide a transportation system with more options for those living, working, and visiting Marin County.

TAM administers the expenditure plan for Measure A, the ½-Cent Transportation Sales Tax measure passed in 2004. The Measure A ½-Cent Transportation Sales Tax is the most critical local funding source for addressing Marin County's transportation needs. Revenues from the sales tax fund many critical transportation projects and programs in the County, such as the carpool lane on Highway 101, local transit, major and local street and road projects, safe routes to school program, and crossing guards.

TAM administers the expenditure plan for Measure B, the \$10 Vehicle Registration Fee (VRF), passed in 2010. Revenues collected from the Measure B \$10 VRF 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 reducing commute trip congestion and supporting a cleaner environment by providing travel options for commuters and an alternative fuel support program.

TAM also serves as Marin County's Congestion Management Agency (CMA) and is responsible for coordinating the funding for many of the transportation projects and programs in the County. In this role, TAM is responsible for developing and administering the Congestion Management Program (CMP). Through its CMA activities, TAM leverages state and federal transportation dollars to complement the Measure A ½-Cent Transportation Sales Tax and the Measure B \$10 VRF revenues and performs project delivery oversight to assist with project implementation. TAM also tracks transportation system performance to ensure that Marin County gets good value for its transportation investments and prepares the long-range strategic plan to guide future investment decisions.

TAM has also served as Marin's program manager for the Transportation Fund for Clean Air (TFCA) fund from the Bay Area Air Quality Management District (BAAQMD). In such role, TAM approves funding for transportation projects that directly benefit air quality, through reduced motor vehicle emissions.

TAM's Board of Commissioners has a total of 16 members, including the five members of the County Board of Supervisors and an elected official from each city and town. Board members elect a chairperson every January. The chairperson recommends and TAM's Board appoints members and chairpersons of several standing committees.

## ECONOMIC CONDITION

Marin's economy is driven by various types of industries including financial services, healthcare, biotech, high technology and tourism. Its population is one of the wealthiest, healthiest and most highly educated in the nation. The expanding economy acts as a global talent magnet and employment hub. Marin's unparalleled quality of life continues to attract new residents and reinforces residential property values. Residents enjoy exceptional school districts, easy access to a multitude of recreational activities, and breathtaking natural beauty.

### Major Economic and Sales Tax Revenue Trend Indicators

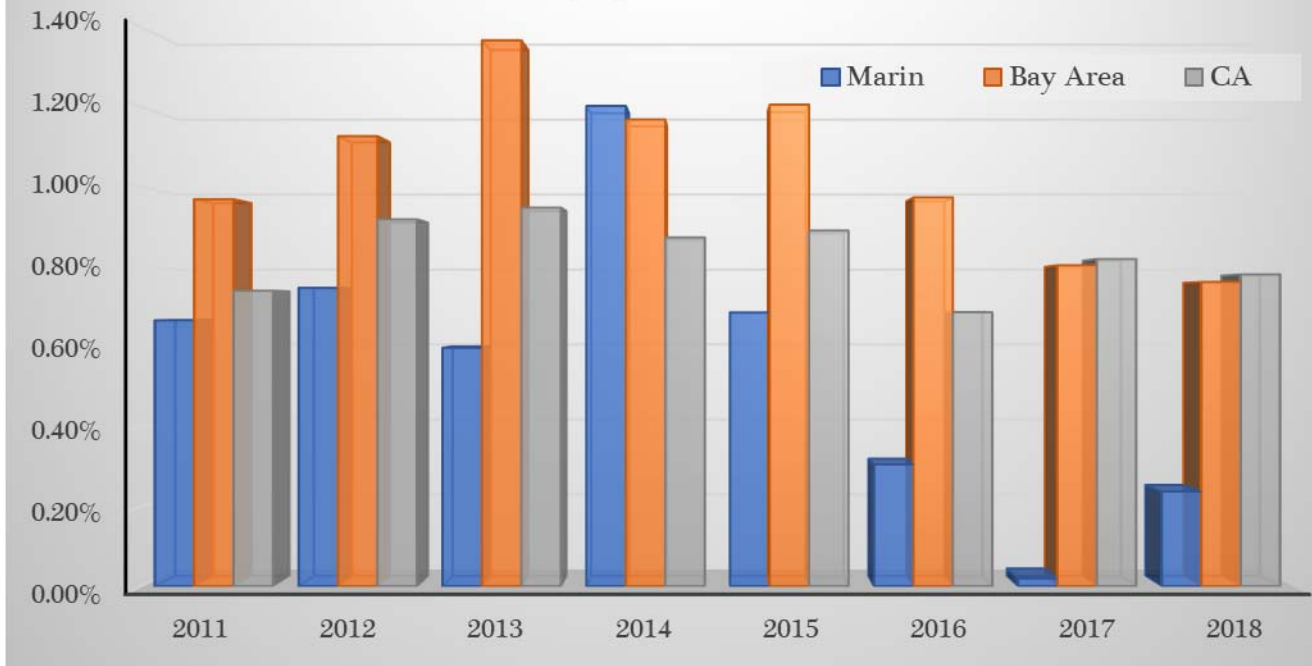
Major factors affecting the economy and sales tax revenues include population, personal income, and unemployment rate.

According to the data provided by the California Department of Finance, from 2010 to 2018, the population of Marin County increased from 252,409 to 263,886. With an annual growth rate of 0.56%. As shown in "Chart 1: Annual Population Growth from 2010 to 2018, Marin, Bay Area and California", Marin's population growth is much slower than other parts of the Bay Area and the State.

As one of the richest counties in the US, Marin's per capita personal income is the highest in the State, as shown in "Chart 2: Per Capita Personal Income – Marin, Bay Area and California". As of 2016, Marin's per capita personal income (\$115,952) is more than double of the national (\$49,246) and the state level (\$56,374), and also more than 40% higher than the Bay Area average (\$80,695).

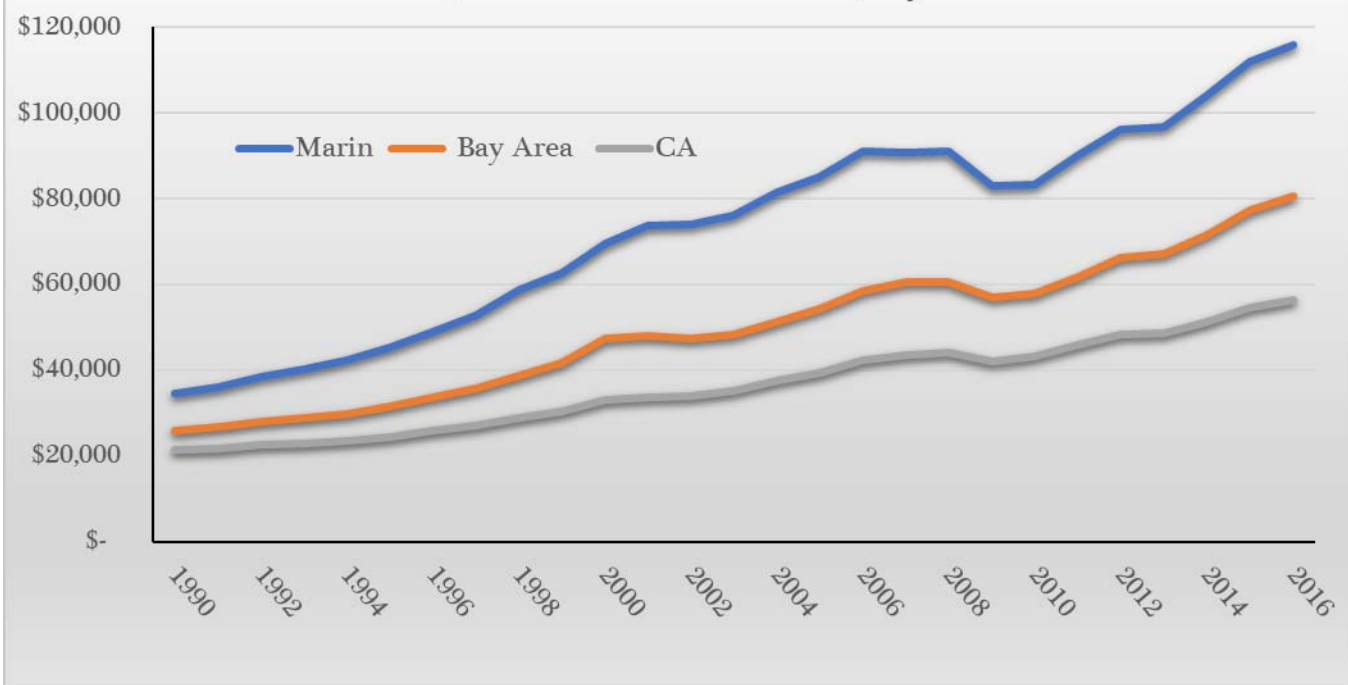
Marin has been enjoying one of the lowest unemployment rates in the nation for decades. As shown in "Chart 3: Unemployment Rate – Marin, Bay Area and California", the unemployment rate in Marin is much lower than the State and the average Bay Area. As of June 2018, unemployment rates were below 5 percent in all nine Bay Area counties, according to the California Employment Development Department. San Mateo County had the lowest unemployment rate at 2.5 percent, followed by San Francisco at 2.6 percent and Marin County at 2.7 percent. Since per capita personal income and unemployment rate are two main drivers of taxable sales, the combined effects in general indicated more household income generated and more overall spending by the local economy over the past years. Looking ahead, the strong fundamentals in Marin County's economy are expected to support long term taxable sales growth and subsequent sales tax revenue increase for TAM. However, an economic slowdown or recession is projected by many economists in the near future. "Chart 4: Measure A Sales Tax Revenue Trend, from FY 2006-FY 2018" shows the historical revenue collection since the inception.

**Chart 1: Annual Population Growth from 2010 to 2018**  
**Marin, Bay Area and California**



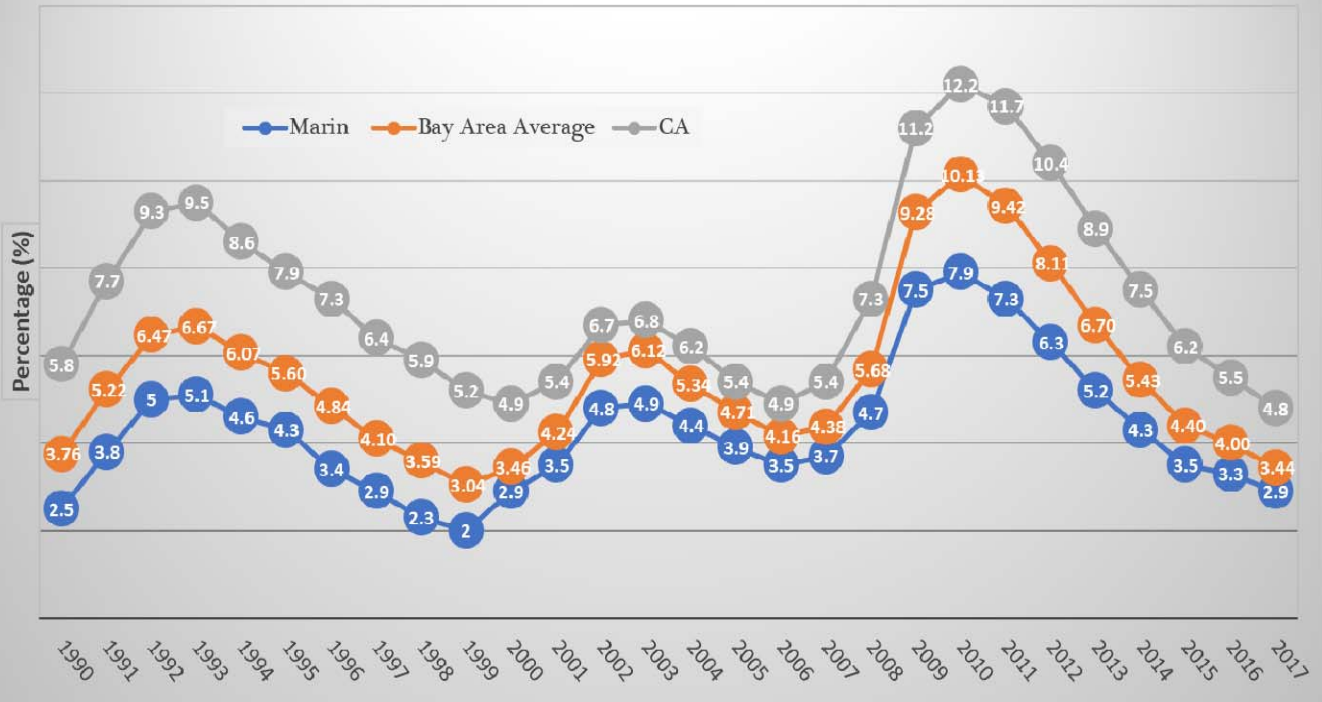
*Data Source: State of California Department of Finance.*

**Chart 2: Per Capita Personal Income - Marin, Bay Area and California**



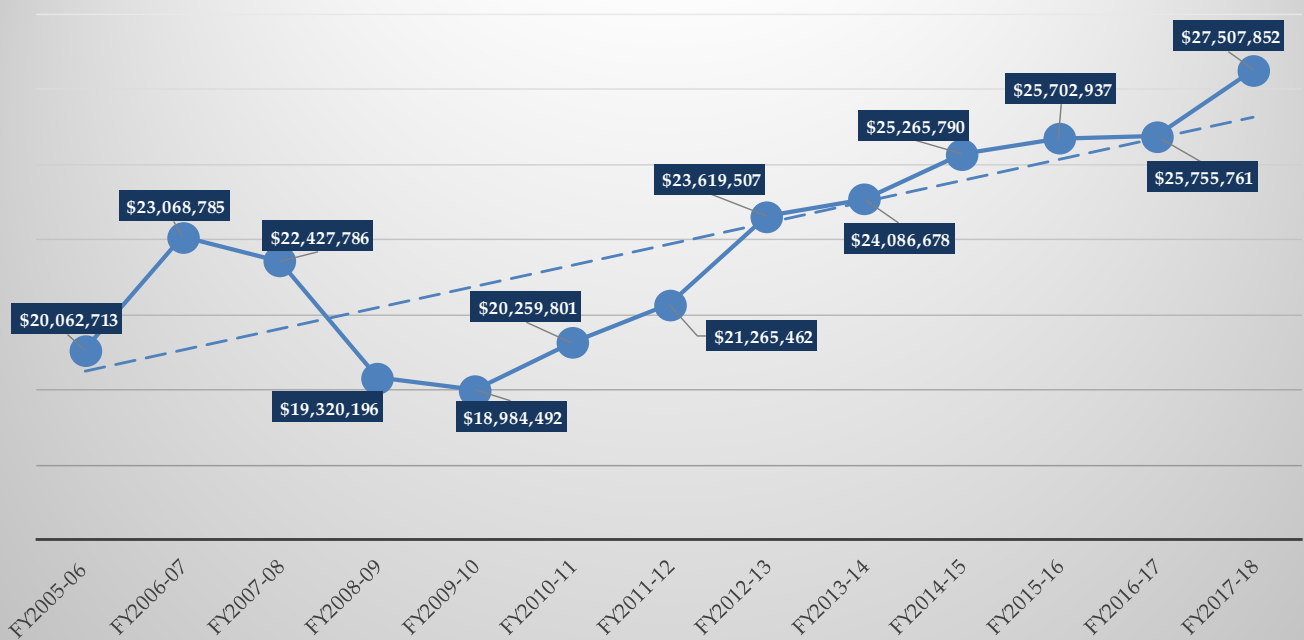
*Data Source: U.S. Department of Commerce Bureau of Economic Analysis.*

**Chart 3: Unemployment Rate - Marin, Bay Area and Statewide**



Data Source: State of California Employment Development Department.

**Chart 4: Measure A Sales Tax Revenue Trend FY2006 to FY2018**



## LONG-TERM FUNDING PLANNING

TAM has successfully managed and delivered many of the critical projects/program in the Expenditure Plans of both the 2004 Measure A ½-Cent Transportation Sales Tax and the 2010 Measure B \$10 Vehicle Registration Fee over the years. TAM has been operating mostly on a pay-as-go basis, other than a one-time interagency loan from the Metropolitan Transportation Commission (MTC) for the cash flow needs of the Highway 101 Gap Closure Project. TAM is expected to continue this practice throughout the life of Measure A, which expires in 2025.

The Measure A ½-Cent Transportation Sales Tax Expenditure Plan provides a high degree of accountability and was designed to respond to emerging transportation issues over a 20-year period. However, after 15 years, with the rapid technological and social changes, the current plan does not have the flexibility needed to address the new travel needs. The current plan will expire on March 31, 2025. With that in mind and knowing the advantage and needs of renewing early, a 24-member Expenditure Plan Advisory Committee (EPAC), worked diligently in 2017 and reached consensus on a draft sales tax renewal expenditure plan. Early this year, all cities and towns and the County of Marin unanimously approved the draft expenditure plan for the renewal of the ½-Cent Transportation Sales Tax.

The renewal measure, titled Measure AA, will be on the ballot on November 6, 2018 and two-thirds of Marin voters' approval would be needed to pass the measure. The renewal plan is a detailed document that defines how the ½-Cent Transportation Sales Tax would fund our core transportation needs in Marin, including Local Street and Road maintenance, Safe Routes to Schools programs, high quality transit service and highway and interchange improvements.

Measure A ½-Cent Transportation Sales Tax provides more than 70% of the annual fund needed for transportation projects and programs in Marin. Passage of the Measure AA is essential for the County's transportation future.

Senate Bill 1(SB1), the Road Repair and Accountability Act of 2017, signed into law in April 2017, provided much needed additional funding for transportation projects and programs for the County as well. Marin County is expecting a total of \$8 million annually from SB1 for local streets and roads maintenance needs and substantial additional funds for transit as well. However, Proposition 6, the initiative that attempts to repeal SB1, has placed a major cloud on the funding future of many critical transportation projects and programs. Voters will be asked to vote on Proposition 6 on the November 6, 2018 ballot as well.

Marin also is expecting new funding from the Regional Measure 3 (RM3), which was passed on June 5, 2018, to help fund a few major capital projects in the County. However, RM3 is still under constitutional challenge by a taxpayer group and voters are awaiting the outcome of the lawsuit.

All those uncertainties cast more clouds on the funding future of many transportation projects and programs. Under the direction from TAM's Board, staff will continue its prudent financial practice during this challenging time.

## **MAJOR PROJECT ACTIVITIES**

TAM will continue the delivery of all current projects and programs in the Measure A ½-Cent Transportation Sales Tax Expenditure Plan and the Measure B \$10 Vehicle Registration Fee Expenditure Plan.

TAM will also work with various local agency partners on the delivery of the following critical projects and programs in Marin County:

- North/South Greenway Multi-Use Pathway
- The Downtown San Rafael Bettini Transit Center Permanent Relocation
- NB Highway 101 to EB I-580 Direct Connector Project
- Marin-Sonoma Narrows HOV Lane & Multi-Use Path
- State Route 37 Improvements
- Yellow School Bus Service
- Alternative Fuel Support Program
- First/Last Mile Connection to Transit Hubs
- School Crossing Guards
- Senior Mobility

## **RELEVANT FINANCIAL POLICIES**

TAM has adopted a comprehensive set of financial policies. Various fiscal policies are designed to guide decisions pertaining to internal fiscal management, including day-to-day operations, annual budget development and sales tax revenue and vehicle registration fee revenue allocation requirements.

Investment Policy is created to organize and formalize investment-related activities, and to set out policies and procedures that enhance opportunities for prudent and systematic investment of TAM's financial assets.

Debt Policy establishes guidelines for the issuance and management of TAM's debt and confirms the commitment of the Board, management, and staff to adhere to sound debt management practices.

## **AWARDS AND ACKNOWLEDGEMENTS**

This is the first year that TAM has produced a Comprehensive Annual Financial Report (CAFR) which includes complementary information, in addition to the basic financial statements, to help the readers understand the financial condition of the agency. The Government Finance Officers Association of the United States and Canada (GFOA) awards Certificate of Achievement for Excellence in Financial Reporting to local governments for their CAFR. In order to receive this award, the agency needs to publish an easily readable and efficiently organized CAFR that satisfies both the generally accepted accounting principles and applicable program requirements. TAM believes that the CAFR prepared will meet the requirement of the award and plans to apply for the award.

The preparation of TAM's first CAFR is made possible by the efficient and dedicated services of the agency's financial team, and with the corporation and support of all other staff. We also want to acknowledge the extensive effort from TAM's audit team from Vavrinek, Trine, Day & Co. LLP.

Most importantly, we would like to thank TAM's Board of Commissioners and the Citizens' Oversight Committee for their continued guidance and support in the prudent and high standard financial management of the agency.

Finally, we would like to thank all citizens in Marin for their continued support of TAM's mission to provide a better and more efficient transportation system for the County.

Respectfully submitted,



Dianne Steinhauser  
Executive Director

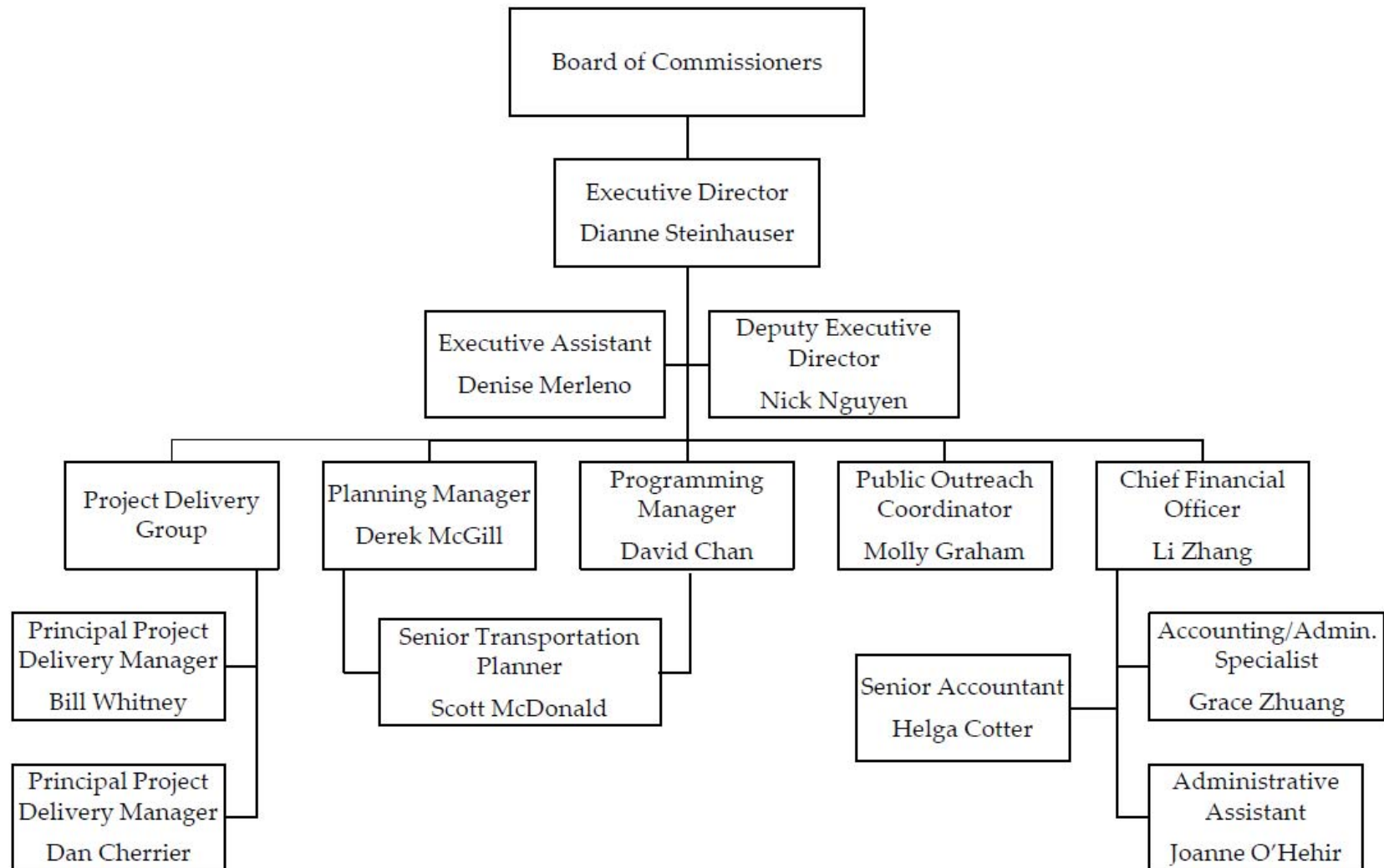


Li Zhang  
Chief Financial Officer



# Transportation Authority of Marin Organization Chart

*As of June 30 2018*



\* Please note the Deputy Executive Director is a temporary position that rotates among various management staff.

# TRANSPORTATION AUTHORITY OF MARIN

## BOARD OF COMMISSIONERS

JUNE 30, 2018

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James Campbell	City of Belvedere
Jim Andrews	Town of Corte Madera
John Reed	Town of Fairfax
Dan Hillmer	City of Larkspur
Stephanie Moulton-Peters/Chair	City of Mill Valley
Eric Lucan	City of Novato
P. Beach Kuhl	Town of Ross
Brian Colbert	Town of San Anselmo
Gary Phillips	City of San Rafael
Ray Withy	City of Sausalito
Alice Fredericks	Town of Tiburon
Damon Connolly	County of Marin
Katie Rice	County of Marin
Kathrin Sears	County of Marin
Dennis Rodoni	County of Marin
Judy Arnold/Vice Chair	County of Marin

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*FINANCIAL SECTION*

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**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

VALUE THE *difference*

## 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 (TAM) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise TAM'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 TAM, as of June 30, 2018, 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, the budgetary comparison schedules, schedule of the proportionate share of the net pension liability and schedule of pension contributions, 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise TAM's basic financial statements. The introductory section, the statistical section, and the supplementary information such as the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 taken as a whole.

The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2018, on our consideration of TAM'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 TAM's internal control over financial reporting and compliance.

*Vavrinek, Trine, Day & Co. LLP*

Palo Alto, California

December 6, 2018

# TRANSPORTATION AUTHORITY OF MARIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2018**

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This section of TAM's financial statements presents management's overview and analysis of the financial activities of TAM for the fiscal year ended June 30, 2018. We encourage the reader to consider the information presented here in conjunction with the financial statements as a whole.

### FINANCIAL HIGHLIGHTS

TAM's governmental funds reported a total of \$36.36 million in revenues in FY 2017-2018, of which \$27.51 million, or 74% 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 eight years. TAM's \$27.51 million Measure A ½-Cent Transportation Sales Tax collection in FY 2017-2018 is \$1.75 million, or 6.8% higher than the \$25.71 million collected in FY 2016-2017. This continuing healthy revenue improvement will help the fund picture of many transportation projects and programs in Marin County. A total of \$2.39 million was collected under Measure B, the \$10 Vehicle Registration Fee (VRF) program, in FY 2017-2018. The Measure A ½-Cent Transportation Sales Tax and the Measure B \$10 VRF revenues are the two dedicated local transportation funding sources vital to the successful implementation of all transportation projects and programs in Marin County.

Besides the Measure A ½-Cent Transportation Sales Tax revenue and the Measure B \$10 VRF revenue collection, TAM also received about \$6.33 million for all its CMA related activities. As the CMA for Marin County, it collected about \$0.63 million from MTC in Congestion Management Planning and Programming and Priority Development Area (PDA) funds. Cities, towns, and the County of Marin also contributed \$0.56 million for various services/support TAM provides as the CMA. A total of \$0.75 million Regional Measure 2 (RM2) funds were received for various RM2 capital projects in Marin County. TAM collected about \$0.36 million in TFCA funds, a program funded by a \$4 surcharge on motor vehicles registered in the Bay Area. A total of \$1.25 million of State Transportation Improvement Program (STIP)/Regional Improvement Program (RIP) and Highway Bridge Program (HBP) funds, including \$0.87 million excess right of way sales revenue from the Highway 101 Gap Closure Project and originally paid with STIP/RIP funds, were received from the State and Federal Highway Administration (FHWA) for various capital projects. As part of the project closing out of the Central Marin Ferry Connector Project, TAM received a total of \$2.33 million in Nonmotorized Transportation Pilot Program (NTPP) funds. TAM also received \$0.1 million from the MTC Climate Initiatives Program and \$0.44 million from other fund sources.

As of June 30, 2018, total investment TAM holds with CalTRUST, the Investment Trust of California, is \$47.23 million. Total interest revenue received from various CalTRUST funds and from TAM's cash holding with Bank of Marin during FY 2017-2018 is \$0.78 million. As of June 30, 2018, the unrealized loss from the various CalTRUST funds is \$0.64 million. Including the funds in the Bank of Marin and CalTRUST, TAM has a total cash/investment balance of \$50.78 million as of June 30, 2018.



# **TRANSPORTATION AUTHORITY OF MARIN**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2018**

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Total FY 2017-2018 expenditures for TAM were \$42.12 million, of which \$34.15 million was from the Measure A ½-Cent Transportation Sales Tax Fund. Expenditures for all Measure B \$10 VRF programs were \$1.72 million. The other \$6.24 million expenditures were for various CMA planning/programming activities and major capital projects.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The MD&A is intended to serve as an introduction to TAM's basic financial statements which is comprised of three components: (1) Government-wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to Basic Financial Statements.

These two sets of financial statements provide two different views of TAM's financial activities and financial position.

The Government-wide Financial Statements provide a long-term view of TAM'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 TAM 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 TAM's revenues and expenses, also on the full accrual basis of accounting, with the emphasis on net revenues or expenses of TAM's projects and programs. The Statement of Activities explains in detail the change in Net Position for the fiscal year. All of TAM's activities are grouped into Governmental Activities, as explained below.

The Fund Financial Statements report TAM's operation in more detail than the Governmental-wide Financial Statements and focus primarily on the short-term activities of TAM'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 TAM and are presented individually. All of TAM's funds qualify or have been selected to be Major Funds are explained below.

# TRANSPORTATION AUTHORITY OF MARIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

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### **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 TAM as a whole. The Statement of Net Position and the Statement of Activities present information about the following:

The Statement of Net Position includes financial information on all of TAM's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of TAM is improving or deteriorating.

The Statement of Activities includes information which shows how TAM's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Consequently, revenues and expenses are reported for items in the Statement of Activities that may not result in cash flows until a future period.

### **Fund Financial Statements**

The Fund Financial Statements provide detailed information about each of TAM's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are Major Funds, was established by the Governmental Accounting Standards Board (GASB). Each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Major Funds present the major activities of TAM for the fiscal year and may change from year to year as a result of changes in the pattern of TAM's activities.

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements. TAM currently has four major governmental funds. The following is a discussion of the results of operations of each major fund during FY 2017-2018.

#### ***CMA General Fund***

This Fund accounts for the revenues and expenditures of TAM's congestion management activities, primarily congestion management planning and programming work elements, and the management of various capital projects. The Fund spent a total of \$6.02 million for various transportation planning and programming activities, and capital projects management, and received a total of \$5.98 million in revenue in FY 2017-2018.

The fund's fiscal year-end balance is \$1.77 million. The Fund balance represents funds that have not yet been expended but are restricted for various congestion management activities.

# TRANSPORTATION AUTHORITY OF MARIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

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### *BAAQMD/TFCA Fund*

This Fund accounts for the revenues and expenditures for the TFCA grant that TAM receives from BAAQMD. The purpose of the TFCA grant is to fund improvements that can contribute to the improvement of air quality. Revenue received in FY 2017-2018 is \$0.37 million. The Fund spent \$0.23 million on such activities in FY 2017-2018.

The Fund's fiscal year-end balance is \$1.29 million, representing funds that have not yet been expended but are restricted for air quality control and improvement projects.

### *Measure A ½-Cent Transportation Sales Tax Fund*

This fund accounts for the revenues and expenditures for the projects and programs set forth by the voters in TAM's Measure A ½-Cent Transportation Sales Tax Expenditure Plan, approved by Marin voters in November 2004. \$27.61 million in revenue was collected in FY 2017-2018. The Fund spent \$34.15 million on various Measure A related activities, with \$1.76 million for Administration, \$1.23 million for Professional Services, \$28.67 million for Measure A Projects and Programs and \$2.48 million for Interagency Agreements.

The Fund's fiscal year-end balance is \$33.65 million, representing funds that have not been expended but are restricted for various projects and programs according to the Measure A ½-Cent Transportation Sales Tax Expenditure Plan.

### *Measure B \$10 Vehicle Registration Fee*

This fund accounts for the revenues and expenditures for the projects and programs set forth by the voters in TAM's Measure B \$10 VRF Expenditure Plan, approved by Marin voters in November 2010. The Fund collected \$2.40 million in FY 2017-2018 and spent over \$1.72 million on various Measure B programs. Fund balance as of June 30, 2018 is \$3.23 million, representing funds that have not been expended but are restricted for various projects and programs according to the Measure B \$10 VRF Expenditure Plan.

### **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide addition information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements.

# TRANSPORTATION AUTHORITY OF MARIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Statement of Net Position summarizes TAM's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Table 1 summarizes the net position of governmental activities for the fiscal years ended June 30, 2018, and June 30, 2017.

TAM's governmental net position was \$39.66 million as of June 30, 2018, and comprised of the following:

- Cash and Investments of \$50.78 million in the CalTRUST and deposits with Bank of Marin.
- Receivables and Prepaid Items of \$5.88 million in sales tax and other accounts receivables.
- Liabilities, including all accounts payables, unearned revenues and net pension liability, totaling \$17.26 million.
- Total net position for TAM was \$39.66 million as of June 30, 2018, which were all restricted for various transportation projects and programs.

**Table 1**  
**Condensed Statement of Net Position**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change</u>
<b>Assets</b>			
Cash and Investments	\$ 50,778,115	\$ 50,499,865	\$ 278,250
Sales Tax Receivable	4,404,590	4,969,768	(565,178)
Accounts Receivable	1,459,433	6,587,704	(5,128,271)
Prepaid Items	29,111	21,444	7,667
<b>Total Assets</b>	<b>56,671,249</b>	<b>62,078,781</b>	<b>(5,407,532)</b>
<b>Deferred outflows</b>	<b>304,621</b>	<b>-</b>	<b>304,621</b>
<b>Liabilities</b>			
Accounts Payable	10,454,211	12,238,425	(1,784,214)
Accrued Liabilities	52,206	-	52,206
Unearned Revenue	6,231,201	3,183,868	3,047,333
Other Liabilities Due Within One Year	129,679	-	129,679
Liabilities Due in More Than One Year	388,878	-	388,878
<b>Total Liabilities</b>	<b>17,256,175</b>	<b>15,422,293</b>	<b>1,833,882</b>
<b>Deferred inflows</b>	<b>61,679</b>	<b>-</b>	<b>61,679</b>
<b>Net Position</b>			
Restricted	39,658,016	46,656,488	(6,998,472)
<b>Total Net Position</b>	<b>\$ 39,658,016</b>	<b>\$ 46,656,488</b>	<b>\$ (6,998,472)</b>

# TRANSPORTATION AUTHORITY OF MARIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2018**

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

As Table 2 shows, \$6.33 million or 17.9% of TAM's FY 2017-2018 governmental revenues, came from program revenues and \$29.07 million, or 82.1%, came from general revenues such as Measure A ½-Cent Transportation Sales Taxes, Measure B \$ 10 VRF and investment earnings.

Measure A ½-Cent Transportation Sales Tax revenues are the largest revenue for TAM at \$26.54 million and represent about 75.0% of TAM's FY 2017-2018 revenues. All Measure A ½-Cent Transportation Sales Tax revenues are spent under the guidelines of the Expenditure Plan approved by Marin County voters in November 2004. Measure B \$10 VRF revenue is another voter approved dedicated transportation fund source for Marin County. \$2.39 million was collected in FY 2017-2018 under this funding source. Investment earnings are also part of the general revenues.

**Table 2**  
**Condensed Statement of Activities**

	<u>FY 2018</u>	<u>FY 2017</u>	<u>Change</u>
<b>Revenues</b>			
<b>Program Revenue:</b>			
Operating Grants and Contributions	\$ 6,329,413	\$ 8,024,309	\$ (1,694,896)
<b>Total Program Revenues</b>	<u>6,329,413</u>	<u>8,024,309</u>	<u>(1,694,896)</u>
<b>General Revenue:</b>			
Sales Tax	26,541,399	26,147,374	394,025
Vehicle Registration Fee	2,386,486	2,399,640	(13,154)
Investment earnings	139,632	122,475	17,157
<b>Total General Revenues</b>	<u>29,067,517</u>	<u>28,669,489</u>	<u>398,028</u>
<b>Expenses</b>			
Administration	3,334,511	3,013,630	320,881
Professional Services	2,803,406	2,965,064	(161,658)
Program/Project	30,401,537	29,260,871	1,140,666
Interagency Agreement	5,855,948	4,526,973	1,328,975
<b>Total Expenses</b>	<u>42,395,402</u>	<u>39,766,538</u>	<u>2,628,864</u>
<b>Changes in Net Position</b>	<u>(6,998,472)</u>	<u>(3,072,740)</u>	<u>(3,925,732)</u>
<b>Net Position - Beginning</b>	<u>46,656,488</u>	<u>49,729,228</u>	<u>(3,072,740)</u>
<b>Net Position - Ending</b>	<u>\$ 39,658,016</u>	<u>\$ 46,656,488</u>	<u>\$ (6,998,472)</u>

# **TRANSPORTATION AUTHORITY OF MARIN**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018**

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Program revenues include operating grants and contributions and sometimes capital grants and contributions. 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 FY 2017-2018 is \$6.33 million.

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

TAM 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 ½-Cent Transportation Sales Tax revenues collection and reliable revenue stream from the Measure B \$10 VRF, TAM will be able to continue many of the vital transportation projects and programs in Marin. TAM hopes funding levels from various federal and state resources will be stabilized in the upcoming fiscal year. All the steady revenue sources will help the financial picture of all transportation projects and programs in Marin County.

On the expenditure side through the conservative revenue estimates and ongoing prudent cash flow management, TAM was able to ensure adequate cash for the needs of various capital projects in FY 2017-2018 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 TAM's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Transportation Authority of Marin, 900 Fifth Ave, Suite 100, San Rafael, CA 94901; (415) 226-0815.

# TRANSPORTATION AUTHORITY OF MARIN

## STATEMENT OF NET POSITION

JUNE 30, 2018

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	Governmental Activities
<b>ASSETS:</b>	
Cash and Investments	\$ 50,778,115
Sales Tax Receivable	4,404,590
Accounts Receivable	1,459,433
Prepaid Items	29,111
<b>Total Assets</b>	<b>56,671,249</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred Outflows From Pension Activities	304,621
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable	10,454,211
Accrued Liabilities	52,206
Unearned Revenue	6,231,201
Compensated Absences	129,679
Noncurrent Liabilities:	
Compensated Absences	45,875
Net Pension Liability	343,003
<b>Total Liabilities</b>	<b>17,256,175</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred Inflows From Pension Activities	61,679
<b>NET POSITION:</b>	
Restricted for:	
BAAQMD-TFCA Project	1,288,964
Measure A Sales Tax Project	33,503,019
Measure B VRF Projects	3,211,734
Congestion Management Projects	1,654,299
<b>Total Net Position</b>	<b>\$ 39,658,016</b>

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

# TRANSPORTATION AUTHORITY OF MARIN

## STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position
		Operating Grants and Contributions	
Governmental Activities:			
Congestion Management:			
Administration	\$ 3,334,511	\$ 1,134,511	\$ (2,200,000)
Professional Services	2,803,406	1,569,601	(1,233,805)
TFCA Programs/Projects	176,392	362,284	185,892
Measure A Sales Tax Programs	28,668,609	-	(28,668,609)
Measure B VRF Programs	1,556,536	-	(1,556,536)
Interagency Agreement	5,855,948	3,263,017	(2,592,931)
Total Governmental Activities	\$ 42,395,402	\$ 6,329,413	\$ (36,065,989)
General Revenues:			
	Measure A Sales Tax Revenue		26,541,399
	Measure B Vehicle Registration Fee Revenue		2,386,486
	Investment Earnings		139,632
	Total, General Revenues		29,067,517
	Change in Net Position		(6,998,472)
	Net Position - Beginning		46,656,488
	Net Position - Ending		\$ 39,658,016

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



# TRANSPORTATION AUTHORITY OF MARIN

## BALANCE SHEET- GOVERNMENTAL FUNDS

JUNE 30, 2018

	General Fund	BAAQMD/ TFCA Fund	Measure A Sales Tax Fund	Measure B VRF Fund	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Investments	\$ 7,975,114	\$ 1,282,957	\$ 37,836,967	\$ 3,683,077	\$ 50,778,115
Sales Tax Receivable	-	-	4,404,590	-	4,404,590
Accounts Receivable	1,043,660	6,971	-	408,802	1,459,433
Prepaid Items	-	-	29,111	-	29,111
<b>Total Assets</b>	<u>\$ 9,018,774</u>	<u>\$ 1,289,928</u>	<u>\$ 42,270,668</u>	<u>\$ 4,091,879</u>	<u>\$ 56,671,249</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 992,808	\$ -	\$ 8,601,548	\$ 859,855	\$ 10,454,211
Accrued Liabilities	24,707	-	23,745	3,754	52,206
Unearned Revenues	6,231,201	-	-	-	6,231,201
<b>Total Liabilities</b>	<u>7,248,716</u>	<u>-</u>	<u>8,625,293</u>	<u>863,609</u>	<u>16,737,618</u>
<b>Fund Balances:</b>					
Nonspendable	-	-	29,111	-	29,111
Restricted for:					
BAAQMD/TFCA	-	1,289,928	-	-	1,289,928
Measure A Sales Tax	-	-	33,616,264	-	33,616,264
Measure B VRF	-	-	-	3,228,270	3,228,270
Congestion Management	1,770,058	-	-	-	1,770,058
<b>Total Fund Balances</b>	<u>1,770,058</u>	<u>1,289,928</u>	<u>33,645,375</u>	<u>3,228,270</u>	<u>39,933,631</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 9,018,774</u>	<u>\$ 1,289,928</u>	<u>\$ 42,270,668</u>	<u>\$ 4,091,879</u>	<u>\$ 56,671,249</u>

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, 2018

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Amounts reported for governmental activities in the statement of net position are different from those reported in the governmental funds because of the following:

<b>Total Fund Balances of Governmental Funds</b>	\$ 39,933,631
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.	\$ (175,554)
Net pension liability and related deferrals are not due and payable in the current period and therefore are not reported in the governmental funds.	\$ (100,061)
<b>Total Net Position - Governmental Activities</b>	<u><u>\$ 39,658,016</u></u>

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 YEAR ENDED JUNE 30, 2018

	General Fund	BAAQMD/TFCA Fund	Measure A Sales Tax Fund	Measure B VRF Fund	Total Governmental Funds
<b>REVENUES</b>					
Measure A Sales Tax Revenue	\$ -	\$ -	\$ 27,507,852	\$ -	\$ 27,507,852
Measure B VRF Revenue	-	-	-	2,386,486	2,386,486
Cities/Towns and County Contribution	559,000	-	-	-	559,000
Investment Earnings	17,365	9,157	98,240	14,870	139,632
MTC STP/CMAQ Planning Fund and OBAG Grants	627,676	-	-	-	627,676
PDA Planning Funds	2,000	-	-	-	2,000
MTC Regional Measure 2 Fund	753,288	-	-	-	753,288
Transportation For Clean Air Funding	-	362,284	-	-	362,284
Federal Highway Bridge Program Fund	59,345	-	-	-	59,345
State STIP/PPM Fund	8,870	-	-	-	8,870
STIP/RTIP/IIP Fund	1,184,150	-	-	-	1,184,150
MTC Grant for Youth Transit Program/CMAQ	102,863	-	-	-	102,863
CMFC NTPP/CMAQ Pass-through	2,332,167	-	-	-	2,332,167
Other Revenues	337,770	-	-	-	337,770
<b>Total Revenues</b>	<b>5,984,494</b>	<b>371,441</b>	<b>27,606,092</b>	<b>2,401,356</b>	<b>36,363,383</b>
<b>EXPENDITURES</b>					
Congestion Management - Current:					
Administration	1,111,908	22,603	1,759,654	164,731	3,058,896
Professional Services	1,538,906	30,695	1,233,425	380	2,803,406
TFCA Programs/Projects	-	176,392	-	-	176,392
Measure A Sales Tax Programs/Projects	-	-	28,668,609	-	28,668,609
Measure B VRF Programs/Projects	-	-	-	1,556,536	1,556,536
Interagency Agreements	3,371,567	-	2,484,381	-	5,855,948
<b>Total Expenditures</b>	<b>6,022,381</b>	<b>229,690</b>	<b>34,146,069</b>	<b>1,721,647</b>	<b>42,119,787</b>
<b>Net Change in Fund Balances</b>	<b>(37,887)</b>	<b>141,751</b>	<b>(6,539,977)</b>	<b>679,709</b>	<b>(5,756,404)</b>
<b>Fund Balance - Beginning</b>	<b>1,807,945</b>	<b>1,148,177</b>	<b>40,185,352</b>	<b>2,548,561</b>	<b>45,690,035</b>
<b>Fund Balance - Ending</b>	<b>\$ 1,770,058</b>	<b>\$ 1,289,928</b>	<b>\$ 33,645,375</b>	<b>\$ 3,228,270</b>	<b>\$ 39,933,631</b>

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

## TRANSPORTATION AUTHORITY OF MARIN

### RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2018

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

<b>Net Change in Fund Balances</b>	\$ (5,756,404)
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Governmental funds defer certain revenues that are not recognized with the TAM'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.	(966,453)
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Pension expenses due to the changes in net pension liability and related deferrals are not recognized in governmental funds because they do not require the use of current resources and therefore are not reported as expenditures.	(100,061)
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The change in compensated absences included in the Statement of Activities does not provide or (require) the use of current financial resources and therefore is not reported as an expenditure in governmental funds.	(175,554)
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<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ (6,998,472)</u></u>
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The accompanying notes are an integral part of the financial statements.

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*Notes to Basic Financial Statements*

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# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

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

TAM’s responsibilities include the development and administration of the Measure A ½-Cent Transportation Sales Tax Expenditure Plan, approved by Marin voters in November 2004, and the Measure B \$10 VRF Expenditure Plan, approved by Marin Voters in November 2010. TAM also serves as the CMA for Marin County, providing countywide planning and programming for transportation related needs. As both the sales tax authority and the CMA for Marin County, TAM plays a leading role in planning, financing, and implementation of transportation projects and programs in Marin County.

TAM’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 TAM. A twelve-member Citizens’ Oversight Committee (COC), made up of five representatives from the five planning areas and seven representatives from diverse interest groups in Marin County, reviews the revenues and expenditures of the Measure A ½-Cent Transportation Sales Tax and the Measure B \$10 VRF, and reports the results directly to the citizens of Marin County.

#### Basis of Presentation

**Government-wide Financial Statements** - The Statement of Net Position and the Statement of Activities include the overall financial activities of TAM.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of TAM’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.

# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

#### Major Funds

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

TAM reports the following major governmental funds in the accompanying financial statements:

**CMA General Fund** - This fund accounts for revenues and expenditures for TAM'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 TFCA funds.

**BAAQMD/TFCA Special Revenue Fund** - This fund accounts for revenues and expenditures for the TFCA grant TAM receives from 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 Special Revenue Fund** - This fund accounts for revenues and expenditures for the projects and programs set forth by the voters in TAM's Measure A ½-Cent Transportation Sales Tax Expenditure Plan, approved by Marin voters in November 2004.

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

#### Basis of Accounting and Measurement Focus

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. Grants and similar items are recognized as revenues as soon as the eligibility requirements imposed by the provider have been met.

# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Governmental funds are reported using the *current financial resources* measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when *measurable and available*. TAM 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 which are considered to be available if collected within 60 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 from sale of capital assets or issuance of long-term debt, including capital leases, are reported as *other financing sources*.

Sales taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements have been met, including any time requirements, and the amount is received during the fiscal period or within the availability period (within 180 days after the fiscal year end). Reimbursement based grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 180 days after fiscal year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

#### Estimates

The preparation of basic 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.

#### Compensated Absences

Compensated absences comprise unpaid vacation and compensatory hours which are accrued as earned. Vacation hours accumulated are fully compensated at time of separation or at calendar year end when the accrued hours exceed the allowable amount. The liabilities are separated into current and long-term portions based on estimates as of June 30 and amounts expected to be paid subsequent to next fiscal year. TAM's liability for compensated absences is recorded in government-wide financial statements. The changes in long-term compensated absences during the fiscal year ended June 30, 2018 were as follows:

	Balance			Balance	Due Within
	July 1, 2017	Additions	Deductions	June 30, 2018	One Year
Compensated Absences	\$ -	\$ 193,493	\$ 17,939	\$ 175,554	\$ 129,679



# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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### 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. TAM currently has no 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 position 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. TAM had no committed or assigned fund balances as of year-end.

Unassigned fund balance is the residual classification for the 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, TAM considers restricted funds to be spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, TAM considers amounts to be 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.

# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### Unearned Revenue

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. Grants received before the eligibility requirements are met are recorded as unearned revenue.

#### Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of TAM's retirement plans (Plans) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan's administrators. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### Risk Management

TAM is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; and natural disasters for which TAM 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 if received beyond the availability period. This amount is deferred and recognized as an inflow of resources in the period that the amount is available.

# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### Investment Valuations

TAM 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. TAM's investments in CalTRUST are uncategorized because CalTRUST is a governmental pool exempted from the fair value measurement requirements.

#### New Accounting Principles

**GASB Statement No. 75** – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The objective of the Statement is to replace the requirements of GASB Statement No. 45. In addition, the Statement requires governments to report a liability on the face of the financial statements for Other Postemployment Benefits (OPEB) provided and requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. The Statement is effective for the periods beginning June 15, 2017, or FY 2017-2018. This pronouncement does not have an impact on TAM's FY 2017-2018 Financial Statements since TAM has no OPEB liabilities in this time period. However, TAM joined PEMHCA, the Public Employee's Medical and Hospital Care Act, as of July 1, 2018 and will need to report OPEB liabilities in its FY 2018-2019 Financial Statements.

**GASB Statement No. 83** – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital asset should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government's ARO, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, or the FY 2018-2019. TAM is evaluating the effect of this pronouncement.

**GASB Statement No. 84** – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, or FY 2019-2020. TAM currently has no fiduciary activities and this pronouncement has no impact on TAM's financial statements.

# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**GASB Statement No. 87** – In June 2017, the GASB issued Statement No. 87, *Leases*. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use another entity’s nonfinancial assets (“the underlying asset”) in the contract for a period of time in an exchange or exchange like transaction. Examples of nonfinancial assets including buildings, land, vehicles, and equipment. Under this statement, a lessor is required to recognize a lease receivable and deferred inflow of resources, with the exception of certain regulated leases, such as SLOA IV, and a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The statement is effective for periods beginning after December 15, 2019 or FY 2020-2021. TAM is evaluating the effect of this pronouncement.

**GASB Statement No. 88** – In April 2018, the GASB issued statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, the Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The statement is effective for periods beginning after December 15, 2018 or FY 2019-2020. TAM currently has no debt and this pronouncement has no impact on TAM’s financial statements.

# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**GASB Statement No. 89** – In June 2018, the GASB issued statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. The Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The statement is effective for periods beginning after December 15, 2019 or FY 2020-2021. TAM currently has no debt and this pronouncement has no impact on TAM's financial statements.

**GASB Statement No. 90** – In August 2018, GASB issued Statement No. 90, *Majority Equity Interest*, an amendment of GASB statement No. 14 and No. 61. The objectives of this Statement is to improve how majority equity interest is reported. The Statement specifies that a majority equity interest in a legally separate organization should be reported as an investment using the equity method if a government's holding of the equity interest meets the definition of an investment and for all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit. The statement is effective for periods beginning after December 15, 2018 or FY 2019-2020. TAM currently has no such interest and this pronouncement has no impact on TAM's financial statements.

# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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### 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	\$ 50,778,115
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Cash and Investments as of June 30, 2018 consist of the following:

Bank of Marin	\$ 3,548,772
Deposits with CalTRUST	47,229,343
Total Cash and Investments	<u>\$ 50,778,115</u>

#### Investment Authority by the California Government Code and TAM's Investment Policy

The table below identifies the investment types that are authorized for TAM 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. TAM has adopted a formal investment policy. The allowable investments, according to TAM's investment policy or the government code when more restrictive, 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	\$65 million
Certificates of Deposit	5 years	30%	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
State of California and Local Agency Bonds	5 years	None	None
Banker's Acceptances	180 days	30%	None
Commercial Paper	270 days	25%	None
Medium-Term Notes	2 years	30%	None
Marin County Cash Pool	None	None	None
Repurchase Agreements	1 year	None	None

# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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### NOTE 2 – CASH AND INVESTMENTS - CONTINUED

#### Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates and may 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 TAM's investments to market interest rate fluctuations is provided by the following table that shows the distribution of TAM's investments by maturity:

Investment Type	Totals	Remaining Maturity 12 Months or Less
Deposits With CalTRUST	\$ 47,229,343	\$ 47,229,343
Total	\$ 47,229,343	\$ 47,229,343

#### Change in Fair Market Value of the CalTRUST Investments

TAM's recognized a change in the market value of the CalTRUST investments in accordance with generally accepted accounting standards. The unrealized loss was \$637,414, which was offset by \$777,046 in actual investment earnings, including interests from both CalTRUST and the Bank of Marin. The net of the change in fair value and actual earnings reported on the financial statements was \$139,632.

# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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### 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. Credit risk can be measured by the rating of the issuers, assigned by nationally recognized statistical rating organizations. As of June 30, 2018, TAM has a total of \$47,229,343 invested with CalTRUST, with \$1,864,532 in the short-term fund and \$45,364,81 in the medium-term fund. CalTRUST's short-term fund is rated AAf and medium-term fund is rated A+f by the S&P Global Ratings.

#### 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 pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure a government agency's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2018, TAM's deposits are with the Bank of Marin, a regional bank operating in the San Francisco Bay Area. The total amount deposited with Bank of Marin is \$3,548,772. 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

TAM 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, 2018

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### NOTE 4 – EMPLOYMENT AGREEMENT

Prior to January 1, 2018, all personnel working for TAM were contracted employees hired by the Local Government Services (LGS)/Regional Government Services (RGS) a joint powers authority that provides staffing, payroll and human resource services. Effective January 1, 2018, TAM became the employer of record and hired all 11 full time employees that were previously employed by LGS/RGS directly. TAM since has also hired two additional employees, with one being 80% FTE (Full Time Equivalent), and now has 12.8 FTEs. TAM also entered into direct retirement benefit contracts with CalPERS as of January 1, 2018. Service credits of all prior LGS/RGS employees were transferred into TAM's new CalPERS contracts. As such, TAM recognized employment related liabilities such as pension and compensated absence liabilities.

### NOTE 5 – COMMITMENTS AND CONTINGENCIES

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

TAM has various cooperative agreements with governmental entities and contracts with vendors. As of June 30, 2018, TAM's total outstanding commitments were approximately \$26.7 million, with \$11.9 million expended and \$14.8 million still outstanding as of June 30, 2018.

### NOTE 6 – RISK MANAGEMENT

TAM is exposed to various risks of losses related to torts; theft or damage to, and destruction of assets; errors and omissions; and natural disasters. TAM carries commercial insurance through Alliant Insurance Services, Inc. for general liability, automobile, property coverage, and public officials' errors and omissions. In addition, TAM carries workers' compensation insurance through the State Compensation Insurance Fund.

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 official's errors and omissions - \$1,000,000 each occurrence and annual aggregate.  
All deductibles are \$2,500.
- e) Workers' compensation - \$1,000,000 each occurrence.

TAM had no incidents therefore no claims in the past three years.

# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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### NOTE 7 – PENSION PLANS

#### General Information about the Pension Plan

##### *Plan Description*

All qualified employees are eligible to participate in TAM's Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute, the contract between CalPERS and TAM, and TAM resolution. CalPERS acts as a common investment and administrative agent for its participating member employers. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website. Copies of the CalPERS annual financial reports may be obtained from the CalPERS Executive Office at 400 Q Street, Sacramento, California 95811.

##### *Benefits Provided*

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 or 52, depending on the hire date, with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. Benefit provisions and all other requirements are established by State statute and may be amended by TAM's contract with the employees. The Plan provisions and benefits in effect on June 30, 2018, are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Normal retirement age	55	62
Monthly benefits, as a percent of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	8.82%	6.53%

# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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### NOTE 7 – PENSION PLANS - CONTINUED

#### *Contributions*

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis, as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. TAM is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2018, the contributions made by TAM to the plan were equal to the amount of the annual required employer contributions of \$115,695.

#### *Net Pension Liability*

TAM's net pension liability is measured as the total pension liability less the pension plan's fiduciary net position. The net pension liability was measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

#### *Actuarial Assumptions*

The total pension liability was determined using the following actuarial assumptions for the collective miscellaneous plans:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry-Age and Service
Investment Rate of Return	7.15% (1)
Mortality	Based on CalPERS Experience Study
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds (3)
Post Retirement Benefit	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies,
Increase	2.75% thereafter

(1) Net of pension plan investment and administrative expenses, includes inflation.

# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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### NOTE 7 – PENSION PLANS - CONTINUED

The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of the 2014 actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study can be accessed on the CalPERS' website under Forms and Publications.

#### *Pension Expense and Deferred Outflows/Inflows of Resources Related to Pension*

For the year ended June 30, 2018, TAM recognized pension credit of \$2,049. On June 30, 2018, TAM reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 115,695	\$ -
Contributions in excess of proportionate share	39,632	(6,517)
Changes in assumptions	45,498	(10,533)
Difference in expected and actual experience	1,113	(15,950)
Adjustment due to differences in proportions	71,441	(28,679)
Net differences between projected and actual earnings on plan investments	31,242	-
Total	<u>\$ 304,621</u>	<u>\$ (61,679)</u>

Reported as deferred outflows of resources related to contributions subsequent to the measurement date is \$115,695, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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### NOTE 7 – PENSION PLANS - CONTINUED

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2019	\$ 90,897
2020	68,132
2021	34,926
2022	(66,708)
	<u>\$ 127,247</u>

#### *Discount Rate*

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report titled “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

### NOTE 7 – PENSION PLANS - CONTINUED

In determining the long-term expected rate of return, CalPERS' staff took into account both short-term and long-term market return expectations, as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2016.

Asset Class	Current Target Allocation	(1) Real Return Years 1 - 10	(2) Real Return Years 11+
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
	<u>100.0%</u>		

(1) An expected inflation of 2.5% used for this period.

(2) An expected inflation of 3.0% used for this period.

# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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### NOTE 7 – PENSION PLANS - CONTINUED

#### *Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents TAM's proportionate share of the net pension liability, as well as what TAM's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current discount rate	1% Increase
	6.15%	7.15%	8.15%
Proportionate share of NPL	990,988	343,003	158,519

#### *Pension Plan Fiduciary Net Position*

Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial report.

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*Required Supplementary Information*

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# TRANSPORTATION AUTHORITY OF MARIN

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

#### BALANCE – BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2018

	Original	Final	Actual	Variances - Positive (Negative) Final to Actual
<b>REVENUES</b>				
Cities/Towns and County Contribution	\$ 559,000	\$ 559,000	\$ 559,000	\$ -
Interest Revenue	15,000	15,000	46,538	31,538
MTC STP/CMAQ Planning Fund and OBAG Grants	923,138	923,138	629,676	(293,462)
MTC Regional Measure 2 Fund	1,215,000	1,715,000	753,288	(961,712)
Federal Highway Bridge Program Fund	236,326	236,326	59,345	(176,981)
State STIP/PPM Fund	206,000	206,000	8,870	(197,130)
STIP/RTIP/IIP Fund	721,786	721,786	315,679	(406,107)
Non-motorized Transportation Pilot Program	46,935	2,364,518	2,332,167	(32,351)
MTC Climate Initiatives Program Grant/CMAQ	215,542	215,542	102,863	(112,679)
Realized Highway 101 Right of Way Excess Funds	-	1,750,000	868,471	(881,529)
Other Revenues	-	-	337,770	337,770
<b>Total Revenues</b>	<b>4,138,727</b>	<b>8,706,310</b>	<b>6,013,667</b>	<b>(2,692,643)</b>
<b>EXPENDITURES</b>				
Administration:				
Salaries and Benefits	1,048,471	1,048,471	942,124	106,347
LGS Insurance and HR/Payroll Service Cost	99,071	99,071	87,520	11,551
Office Supplies	5,000	5,000	95	4,905
Legal Services	30,000	40,000	26,324	13,676
Document Reproduction	30,000	30,000	8,693	21,307
Memberships	20,000	20,000	12,103	7,897
Travel/Meetings/Conferences	15,000	15,000	9,742	5,258
Carshare Membership	1,500	1,500	-	1,500
Professional Development	2,500	2,500	-	2,500
Human Resources/Board Support	10,000	10,000	10,898	(898)
Miscellaneous Expenses	2,500	2,500	14,253	(11,753)

See accompanying note to required supplementary information.

# TRANSPORTATION AUTHORITY OF MARIN

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

#### BALANCE – BUDGET AND ACTUAL – CONTINUED

YEAR ENDED JUNE 30, 2018

	Original	Final	Actual	Variances - Positive (Negative) Final to Actual
<b>EXPENDITURES - continued</b>				
Professional Services:				
CMP Update/Traffic Monitoring	30,000	30,000	56,389	(26,389)
Travel Model Maintenance and Update	200,000	200,000	92,020	107,980
Traffic Monitoring and Reporting	25,000	25,000	15,000	10,000
Countywide Bike/Pedestrian Plan Update	10,000	10,000	8,179	1,821
Project Management Oversight	170,000	170,000	290,358	(120,358)
MSN B1 Phase 2 and A4 Design	706,000	706,000	180,927	525,073
MSN San Antonio Curve Correction Construction Support	150,000	150,000	85,175	64,825
MSN B6 San Antonio Bridge Replacement Design	200,000	200,000	52,811	147,189
HOV Gap Closure Mitigation - Brookdale /Maintenance	20,000	20,000	6,750	13,250
State Legislative Assistance	35,000	36,750	36,750	-
Financial Advisor Services	10,000	10,000	2,138	7,862
North-South Greenway Gap Closure / PS&E	425,000	925,000	442,759	482,241
TAM Junction Construction Management and Construction	250,000	680,000	28,460	651,540
Public Outreach Service Support	10,000	10,000	39,174	(29,174)
Street Smart Program Implementation	35,000	35,000	13,500	21,500
Carshare Pilot Program Implementation	125,000	125,000	-	125,000
Highway 101 Ramp Metering Special Study	50,000	50,000	-	50,000
Highway 101 Bus on Shoulder White Paper	50,000	50,000	-	50,000
CMFC Onsite Re-Vegetation Mitigation Monitoring and Reporting	15,000	15,000	3,603	11,397
Consulting Pool	25,000	25,000	92,483	(67,483)
EPAC and Sales Tax Reauthorization Support	-	140,000	105,586	34,414

See accompanying note to required supplementary information.

# TRANSPORTATION AUTHORITY OF MARIN

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

#### BALANCE – BUDGET AND ACTUAL – CONTINUED

YEAR ENDED JUNE 30, 2018

	Original	Final	Actual	Variances - Positive (Negative) Final Variances
<b>EXPENDITURES - continued</b>				
Interagency Agreements:				
CMFC County Agreement RM2 (Maintenance Parks Dept.)	25,000	25,000	-	25,000
Highway 101 Ramp Metering Local Support	50,000	50,000	-	50,000
North-South Greenway (Southern Segment)- County Project Management	750,000	750,000	207,418	542,582
HOV Gap Closure Offsite Landscaping Mitigation Funding Agreement - Caltrans	400,000	400,000	-	400,000
SR37 Study Funding Contribution - Agreement	20,000	20,000	22,024	(2,024)
Caltrans MSN A2 and A3 Construction Support	167,000	167,000	167,006	(6)
Sausalito - Gate 6 Bridgeway Intersection Improvements	156,000	156,000	83,536	72,464
Marin County - Signal Improvements/Upgrades on SFD Blvd	340,000	340,000	-	340,000
Corte Madera - Tamal Vista Blvd Bike/Ped Improvements	526,000	526,000	-	526,000
San Rafael - Multi Pathway - 2nd Street to Anderson Drive	250,000	250,000	250,000	-
Marin Transit - Downtown Novato Bus Stop Improvement Project	311,000	311,000	311,000	-
CMFC - County Construction Agreement NTPP/CMAQ	-	2,317,583	2,317,583	-
<b>Total Expenditures</b>	<b>6,800,042</b>	<b>10,199,375</b>	<b>6,022,381</b>	<b>4,176,994</b>
<b>Excess of Revenues Over (Under)</b>				
Expenditures	(2,661,315)	(1,493,065)	(8,714)	1,484,351
<b>Fund Balance - Beginning</b>	<b>1,807,945</b>	<b>1,807,945</b>	<b>1,807,945</b>	<b>-</b>
<b>Fund Balance - Ending - Budgetary Basis</b>	<b>\$ (853,370)</b>	<b>\$ 314,880</b>		<b>\$ 1,484,351</b>
Reconciling Items				
GASB 31			(29,173)	
<b>Fund Balance - Ending - GAAP Basis</b>			<b>\$ 1,770,058</b>	

See accompanying note to required supplementary information.

# TRANSPORTATION AUTHORITY OF MARIN

## BAAQMD/TFCA FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

#### BALANCE – BUDGET AND ACTUAL – BAAQMD/TFCA FUND

YEAR ENDED JUNE 30, 2018

	Original	Final	Actual	Variances - Positive (Negative) Final to Actual
<b>REVENUES</b>				
Interest Revenue	\$ 10,000	\$ 10,000	\$ 21,464	\$ 11,464
Transportation For Clean Air Funding	360,000	360,000	362,284	2,284
<b>Total Revenues</b>	<b>370,000</b>	<b>370,000</b>	<b>383,748</b>	<b>13,748</b>
<b>EXPENDITURES</b>				
Administration:				
Salaries and Benefits	18,000	18,000	22,603	(4,603)
Professional Services:				
TAM Junction CM and Construction	-	-	30,695	(30,695)
TFCA Programs/Projects:				
TFCA - Reimbursement of Various Capital Projects	786,000	786,000	176,392	609,608
<b>Total Expenditures</b>	<b>804,000</b>	<b>804,000</b>	<b>229,690</b>	<b>574,310</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>(434,000)</b>	<b>(434,000)</b>	<b>154,058</b>	<b>588,058</b>
<b>Fund Balance - Beginning</b>	<b>1,148,177</b>	<b>1,148,177</b>	<b>1,148,177</b>	<b>-</b>
<b>Fund Balance - Ending - Budgetary Basis</b>	<b>\$ 714,177</b>	<b>\$ 714,177</b>		<b>\$ 588,058</b>
Reconciling Item				
GASB 31			(12,307)	
<b>Fund Balance - Ending - GAAP Basis</b>			<b>\$ 1,289,928</b>	

See accompanying note to required supplementary information.

# TRANSPORTATION AUTHORITY OF MARIN

## MEASURE A SALES TAX FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

#### BALANCE – BUDGET AND ACTUAL – MEASURE A SALES TAX FUND

YEAR ENDED JUNE 30, 2018

				Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
<b>REVENUES</b>				
Measure A Sales Tax Revenue	\$ 25,960,000	\$ 25,960,000	\$ 27,507,852	\$ 1,547,852
Interest Revenue	300,000	300,000	649,788	349,788
<b>Total Revenues</b>	<b>26,260,000</b>	<b>26,260,000</b>	<b>28,157,640</b>	<b>1,897,640</b>
<b>EXPENDITURES</b>				
Administration				
Salaries and Benefits	1,110,692	1,110,692	1,042,453	68,239
LGS Insurance and HR/Payroll Service Cost	103,179	103,179	96,840	6,339
Office Lease	250,000	250,000	248,025	1,975
Agencywide IT and Computer Equipment Upgrade	30,000	30,000	39,128	(9,128)
Equipment Purchase/Lease	10,000	10,000	7,840	2,160
Telephone/Internet/ Web Hosting Services	25,000	25,000	20,802	4,198
Office Supplies	25,000	25,000	29,479	(4,479)
Update/Improvement of TAM Website	20,000	20,000	44,715	(24,715)
Classification Study	30,000	30,000	-	30,000
Insurance	8,000	8,000	5,878	2,122
Financial Audit	25,000	25,000	18,000	7,000
Legal Services	60,000	60,000	24,695	35,305
Document Reproduction	30,000	30,000	9,808	20,192
Memberships	5,000	5,000	5,942	(942)
Travel/Meetings/Conferences	15,000	15,000	21,051	(6,051)
Carshare Membership	1,500	1,500	144	1,356
Electric Bike Purchase/Lease	3,000	3,000	-	3,000
Professional Development	2,500	2,500	1,187	1,313
Human Resources/Board Support	60,000	60,000	69,652	(9,652)
Information Technology Support	45,000	45,000	50,023	(5,023)
Annual Support and Upgrade of Financial System	15,000	15,000	14,216	784
Miscellaneous Expenses	10,000	10,000	9,776	224
Professional Services				
Bellam Blvd 101 Off-Ramp Improvements - Design	450,000	450,000	275,122	174,878
ESFD Blvd Impr of Access to RSR Bridge - Design Support	100,000	100,000	108,224	(8,224)
Bike Path Improvement on Sir Francis Drake Fly-Over	250,000	250,000	132,666	117,334
580/101 Direct Connector Feasibility Study	150,000	150,000	-	150,000
Project Management Oversight	100,000	100,000	106,957	(6,957)
Financial Advisor Services	10,000	10,000	5,000	5,000
TAM Junction Construction Management and Construction	-	-	594,210	(594,210)
Public Outreach Service Support	15,000	15,000	-	15,000
Consulting Pool	40,000	40,000	11,246	28,754

See accompanying note to required supplementary information.

# TRANSPORTATION AUTHORITY OF MARIN

## MEASURE A SALES TAX FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

#### BALANCE – BUDGET AND ACTUAL – MEASURE A SALES TAX FUND – CONTINUED

YEAR ENDED JUNE 30, 2018

	Original	Final	Actual	Variances - Positive (Negative) Final to Actual
Measure A Sales Tax Programs/Projects:				
Measure A Compliance Audit	20,000	20,000	10,500	9,500
Bike/Ped Path Maintenance	166,000	166,000	48,796	117,204
GGT Ferry Shuttle Service Contribution through MT	85,000	85,000	85,000	-
Central Marin Ferry Connector - SMART Insurance Policy	25,000	25,000	14,349	10,651
Measure A Substrategy 1.1 - Local Bus Transit Service	10,200,000	10,200,000	9,960,852	239,148
Measure A Substrategy 1.2 - Rural Bus Transit System	1,200,000	1,200,000	1,139,691	60,309
Measure A Substrategy 1.3 - Special Needs Transit Services	2,154,534	2,154,534	2,154,534	-
Measure A Substrategy 1.4 - Bus Transit Facilities	5,260,000	5,260,000	3,453,434	1,806,566
Hwy 101 Gap Closure - STP/SLPP Swap Projects	484,000	1,695,798	1,211,798	484,000
Measure A Substrategy 3.1 - Major Roads	7,050,000	8,250,000	4,260,337	3,989,663
Measure A Substrategy 3.2 - Local Roads	3,456,419	3,456,419	3,301,115	155,304
Measure A Substrategy 4.1 - Safe Routes to Schools	823,000	823,000	711,337	111,663
Measure A Substrategy 4.2 - Crossing Guards Services	1,350,000	1,350,000	1,145,046	204,954
Measure A Substrategy 4.2 - Crossing Guards Count Services	110,000	235,000	222,031	12,969
Measure A Substrategy 4.3 - Safe Pathways Plan Development	100,000	100,000	203,145	(103,145)
Measure A Substrategy 4.3 - Safe Pathway Capital Projects	1,500,000	1,500,000	746,645	753,355
Interagency Agreements:				
Funding Agreement with Larkspur for East SF Drake				
Improvement Project	2,300,000.00	2,300,000.00	2,454,993.00	(154,993)
County Lower Marin City Drainage Study Agreement	75,000.00	75,000.00	29,388.00	45,612
Novato Pedestrian Access to Transit and Crosswalk Improvement				
Project Agreement	302,100.00	302,100.00	-	302,100
<b>Total Expenditures</b>	<b>39,659,924</b>	<b>42,196,722</b>	<b>34,146,070</b>	<b>8,050,652</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>(13,399,924)</b>	<b>(15,936,722)</b>	<b>(5,988,430)</b>	<b>9,948,292</b>
<b>Fund Balance - Beginning</b>	<b>40,185,352</b>	<b>40,185,352</b>	<b>40,185,352</b>	<b>-</b>
<b>Fund Balance - Ending - Budgetary Basis</b>	<b>\$ 26,785,428</b>	<b>\$ 24,248,630</b>		<b>\$ 9,948,292</b>
Reconciling Item				
GASB 31			(551,548)	
<b>Fund Balance - Ending - GAAP Basis</b>			<b>\$ 33,645,374</b>	

See accompanying note to required supplementary information.

# TRANSPORTATION AUTHORITY OF MARIN

## MEASURE B VRF FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

#### BALANCE – BUDGET AND ACTUAL – MEASURE B VRF FUND

YEAR ENDED JUNE 30, 2018

	Original	Final	Actual	Variances - Positive (Negative) Final to Actual
<b>REVENUES</b>				
Measure B VRF Revenue	\$ 2,350,000	\$ 2,350,000	\$ 2,386,486	\$ 36,486
Interest Revenue	30,000	30,000	59,254	29,254
<b>Total Revenues</b>	<b>2,380,000</b>	<b>2,380,000</b>	<b>2,445,740</b>	<b>65,740</b>
<b>EXPENDITURES</b>				
Administration:				
Salaries and Benefits	130,540	130,540	135,683	(5,143)
LGS Insurance and HR/Payroll Service Cost	12,127	12,127	12,604	(477)
Office Supplies	-	-	1,147	(1,147)
Legal Services	30,000	30,000	9,631	20,369
Document Reproduction	5,000	5,000	2,028	2,972
Travel/Meetings/Conferences	1,500	1,500	2,378	(878)
Misc Expenses	1,200	1,200	1,260	(60)
Professional Services:				
Project Management Oversight	10,000	10,000	-	10,000
Consulting Pool	-	-	380	(380)
Measure B VRF Programs:				
Measure B Element 1.2 - Bike/Ped Pathways Maintenance	112,000	112,000	72,049	39,951
Measure B Element 2.1 - Mobility Management Programs	140,000	140,000	159,019	(19,019)
Measure B Element 2.2 - Paratransit and Low Income Scholarships	185,000	185,000	206,258	(21,258)
Measure B Element 2.3 - Paratransit Plus	500,000	500,000	476,065	23,935
Measure B Element 2.4 - Volunteer Drive and Gap Grant	220,000	220,000	115,673	104,327
Measure B Element 3.1 - Safe Routes to School	150,000	150,000	286,325	(136,325)
Measure B Element 3.2 - Trans. Demand Management	200,000	200,000	142,287	57,713
Measure B Element 3.2 - TDM Lyft Partnership Agreement	70,000	70,000	38,437	31,563
Measure B Element 3.3 - Discretionary Fuel (EV) Programs	240,000	240,000	60,423	179,577
<b>Total Expenditures</b>	<b>2,007,367</b>	<b>2,007,367</b>	<b>1,721,647</b>	<b>285,720</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>372,633</b>	<b>372,633</b>	<b>724,093</b>	<b>351,460</b>
<b>Fund Balance - Beginning</b>	<b>2,548,561</b>	<b>2,548,561</b>	<b>2,548,561</b>	<b>-</b>
<b>Fund Balance - Ending - Budgetary Basis</b>	<b>\$ 2,921,194</b>	<b>\$ 2,921,194</b>		<b>\$ 351,460</b>
Reconciling Item				
GASB 31			(44,384)	
<b>Fund Balance - Ending - GAAP Basis</b>			<b>\$ 3,228,270</b>	

See accompanying note to required supplementary information.

## TRANSPORTATION AUTHORITY OF MARIN

### SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY YEAR ENDED JUNE 30, 2018

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	2018 *
Proportion of the net pension liability	0.01359%
Proportionate share of the net pension liability	\$ 343,003
Covered payroll	\$ 1,640,908
Proportionate share of the net pension liability as a percentage of covered payroll	20.90%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	75.39%
Discount Rate	7.15%

\* Prior to January 1, 2018, all personnel working for TAM were hired by LGS/RGS. TAM became its own employer of record on January 1, 2018 and entered into contract with CalPERS directly. Only 2018 information is shown in the table.

See accompanying note to required supplementary information.



# TRANSPORTATION AUTHORITY OF MARIN

## SCHEDULE OF PENSION CONTRIBUTIONS YEAR ENDED JUNE 30, 2018

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	2018 *
Actuarially determined contributions	\$ 115,695
Contributions in relation to the actuarially determined contributions	(115,695)
Contribution deficiency (excess)	\$ -
Covered payroll	\$ 820,454
Contributions as a percentage of covered payroll	14.10%

\* Prior to January 1, 2018, all personnel working for TAM were hired by LGS/RGS. TAM became its own employer of record on January 1, 2018 and entered into a contract with CalPERS directly. Only 2018 information is shown in the table.

See accompanying note to required supplementary information.

# **TRANSPORTATION AUTHORITY OF MARIN**

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2018**

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### **NOTE 1 - BUDGETS AND BUDGETARY DATA**

Comparisons with financial results for the current fiscal period for all the funds are presented as required supplementary information and include, in addition to actual expenditures, amounts that have been appropriated for projects and programs. The budget represents a process through which policy decisions are made, implemented and controlled. Appropriations may be adjusted during the year with the approval of the TAM Board. Accordingly, the legal level of budgetary control by TAM is the total expenditures at the agency level. Budgets are adopted on a basis consistent with generally accepted accounting principles, except that a budget is not adopted for the unrealized gains or losses related to TAM's investments.

### **NOTE 2 - SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS**

A cost-sharing employer is required to recognize a liability for its proportionate share of the net pension liability (of all employers for benefits provided through the pension plan)—the collective net pension liability. A cost-sharing employer is also required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions. The schedules present information to illustrate changes in TAM's proportionate share of the net pension liability and employer contributions over a ten-year period when the information is available.

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## *STATISTICAL SECTION*

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# STATISTICAL SECTION

This part of TAM's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the overall financial health.

## Financial Trends

These schedules contain trend information to help the reader understand how TAM's financial performance and well-being have changed over time.

## Revenue Capacity

These schedules contain information to help the reader assess TAM's most significant local revenue source, the sales tax. TAM has no legal debt limits and therefore these schedules are not shown.

## Debt Capacity

These schedules present information to help the reader assess the affordability of TAM's current level of outstanding debt and TAM's ability to issue additional debt in the future.

## Demographic and Economic Information

These schedules present information to help the reader understand the environment within which TAM's financial activities take place.

## Operating Information

These schedules contain service data to help the reader understand how the information in the government's financial report relates to the services TAM provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules was derived from TAM's relevant Basic Financial Statements.

# TRANSPORTATION AUTHORITY OF MARIN

## FINANCIAL TRENDS – NET POSITION BY COMPONENT LAST TEN FISCAL YEARS

	Fiscal Years Ending June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,908	\$ 9,817	\$ 14,726
Restricted										
Corte Madera Project	-	-	-	10,002	9,984	224,527	324,977	428,496	426,343	-
CMA Projects/Programs	1,654,299	1,807,945	2,047,909	2,266,878	1,582,014	1,170,448	1,030,578	2,347,175	2,306,639	1,597,966
TFCA Projects/Programs	1,288,964	1,148,177	1,124,769	1,537,359	1,262,147	1,095,396	1,658,285	1,734,290	2,084,472	2,121,772
Marin Community Foundation	-	-	-	-	-	-	-	36,684	43,626	-
Measure A Projects/Programs	33,503,019	41,151,805	42,617,597	35,543,695	28,474,843	29,449,205	25,560,180	19,909,648	15,864,715	25,579,709
Measure B Projects/Programs	3,211,734	2,548,561	3,938,953	2,983,990	2,290,173	3,321,096	1,951,361	113,386	-	-
<b>Total Governmental</b>										
<b>Activities Net Position</b>	<u>\$ 39,658,016</u>	<u>\$ 46,656,488</u>	<u>\$ 49,729,228</u>	<u>\$ 42,341,924</u>	<u>\$ 33,619,161</u>	<u>\$ 35,260,672</u>	<u>\$ 30,525,381</u>	<u>\$ 24,574,587</u>	<u>\$ 20,735,612</u>	<u>\$ 29,314,173</u>

# TRANSPORTATION AUTHORITY OF MARIN

## FINANCIAL TRENDS – CHANGES IN NET POSITION LAST TEN FISCAL YEARS

EXPENSES	Fiscal Years Ending June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
Congestion Management	\$ 42,395,402	\$ 39,766,538	\$ 29,891,239	\$ 25,207,772	\$ 32,378,764	\$ 26,126,024	\$ 22,489,907	\$ 27,047,626	\$ 24,128,531	\$ 30,648,103
Interest	-	-	14,308	70,695	125,431	178,559	230,127	133,928	-	-
<b>Total Expenses</b>	<u>42,395,402</u>	<u>39,766,538</u>	<u>29,905,547</u>	<u>25,278,467</u>	<u>32,504,195</u>	<u>26,304,583</u>	<u>22,720,034</u>	<u>27,181,554</u>	<u>24,128,531</u>	<u>30,648,103</u>
<b>REVENUES</b>										
Program Revenues:										
Grants and Contributions	6,329,413	8,024,309	8,535,259	5,657,885	4,225,369	5,092,646	6,380,109	10,333,580	7,089,796	8,797,350
<b>Total Revenues</b>	<u>6,329,413</u>	<u>8,024,309</u>	<u>8,535,259</u>	<u>5,657,885</u>	<u>4,225,369</u>	<u>5,092,646</u>	<u>6,380,109</u>	<u>10,333,580</u>	<u>7,089,796</u>	<u>8,797,350</u>
Net (Expense) / Revenue	<u>(36,065,989)</u>	<u>(31,742,229)</u>	<u>(21,370,288)</u>	<u>(19,620,582)</u>	<u>(28,278,826)</u>	<u>(21,211,937)</u>	<u>(16,339,925)</u>	<u>(16,847,974)</u>	<u>(17,038,735)</u>	<u>(21,850,753)</u>
<b>GENERAL REVENUES</b>										
Governmental Activities:										
Sales Tax	26,541,399	26,147,374	25,698,829	25,844,739	24,086,678	23,619,507	21,265,462	20,259,801	18,984,492	19,320,196
Vehicle Registration	2,386,486	2,399,640	2,376,492	2,333,642	2,347,339	2,280,255	2,347,924	273,314	-	-
Investment Earnings	139,632	122,475	682,270	164,964	203,298	47,466	77,333	153,834	298,846	698,590
<b>Total General Revenues</b>	<u>29,067,517</u>	<u>28,669,489</u>	<u>28,757,591</u>	<u>28,343,345</u>	<u>26,637,315</u>	<u>25,947,228</u>	<u>23,690,719</u>	<u>20,686,949</u>	<u>19,283,338</u>	<u>20,018,786</u>
Governmental Activities Change in Net Position	<u>\$ (6,998,472)</u>	<u>\$ (3,072,740)</u>	<u>\$ 7,387,303</u>	<u>\$ 8,722,763</u>	<u>\$ (1,641,511)</u>	<u>\$ 4,735,291</u>	<u>\$ 7,350,794</u>	<u>\$ 3,838,975</u>	<u>\$ 2,244,603</u>	<u>\$ (1,831,967)</u>

# TRANSPORTATION AUTHORITY OF MARIN

## FINANCIAL TRENDS – FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

	Fiscal Years Ending June 30									
	2018	2017	2016	2015	2014	2013	2012	2011 *	2010	2009
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ -	\$ -	\$ -
Restricted	1,770,058	1,807,945	2,047,909	1,687,929	1,582,014	1,170,448	1,028,578	2,347,175	-	-
Reserved	-	-	-	-	-	-	-	-	2,306,639	1,126,160
Total General Fund	<u>\$ 1,770,058</u>	<u>\$ 1,807,945</u>	<u>\$ 2,047,909</u>	<u>\$ 1,687,929</u>	<u>\$ 1,582,014</u>	<u>\$ 1,170,448</u>	<u>\$ 1,030,578</u>	<u>\$ 2,347,175</u>	<u>\$ 2,306,639</u>	<u>\$ 1,126,160</u>
All Other Funds										
Nonspendable	\$ 29,111	\$ 21,444	\$ 21,444	\$ 40,496	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	38,134,462	43,860,646	47,085,034	40,988,405	34,856,630	38,720,601	35,882,946	30,316,842	-	-
Reserved	-	-	-	-	-	-	-	-	28,240,585	28,173,287
Total Sales Tax Program	<u>\$ 38,163,573</u>	<u>\$ 43,882,090</u>	<u>\$ 47,106,478</u>	<u>\$ 41,028,901</u>	<u>\$ 34,856,630</u>	<u>\$ 38,720,601</u>	<u>\$ 35,882,946</u>	<u>\$ 30,316,842</u>	<u>\$ 28,240,585</u>	<u>\$ 28,173,287</u>

\* In fiscal year 2011, the Transportation Authority adopted the provisions of GASB Statement No. 54 which required a change to the presentation of fund balances.



# TRANSPORTATION AUTHORITY OF MARIN

## FINANCIAL TRENDS – CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

	Fiscal Years Ending June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>REVENUES</b>										
Sales Tax	\$ 27,507,852	\$ 25,755,762	\$ 25,702,937	\$ 25,265,790	\$ 24,086,678	\$ 23,619,507	\$ 21,265,462	\$ 20,259,801	\$ 18,984,492	\$ 19,320,196
Vehicle Registration Fee	2,386,486	2,399,640	2,376,492	2,333,642	2,347,339	2,280,255	2,347,924	273,314	-	-
Investment Earnings	139,632	122,475	682,270	164,964	203,298	47,466	77,333	153,834	298,846	698,590
Project and Program Revenues	6,329,413	8,024,309	8,535,259	5,657,885	4,225,369	5,092,646	6,380,109	10,333,580	7,089,796	8,797,350
<b>Total Revenues</b>	<b>36,363,383</b>	<b>36,302,186</b>	<b>37,296,958</b>	<b>33,422,281</b>	<b>30,862,684</b>	<b>31,039,874</b>	<b>30,070,828</b>	<b>31,020,529</b>	<b>26,373,134</b>	<b>28,816,136</b>
<b>EXPENDITURES</b>										
Congestion management - Current										
Administration	3,058,896	3,013,630	2,857,963	2,342,920	2,221,074	2,417,234	2,270,899	2,025,311	2,148,187	1,965,958
Professional Services	2,803,406	2,965,064	1,717,395	2,979,268	2,511,401	3,734,763	4,947,115	4,953,463	4,644,746	6,075,837
Measure A	28,668,609	25,351,395	18,357,291	16,753,135	23,592,718	18,017,836	14,338,961	15,027,818	17,015,529	19,859,458
Measure B	1,556,536	3,632,620	1,290,574	1,547,808	3,285,753	839,395	472,290	-	-	-
Interagency Agreements	5,855,948	4,526,973	4,902,359	1,541,444	596,806	220,459	104,484	2,902,000	-	1,124,813
Other Capital Expenditures	176,392	276,856	765,658	43,196	171,012	896,338	351,249	2,134,125	315,160	724,271
Debt Service										
Principal	-	-	953,854	1,865,628	1,810,894	1,757,765	1,706,195	1,727,091	1,785,714	892,857
Interest and Fiscal Charges	-	-	14,308	70,696	125,431	178,559	230,127	133,928	-	-
<b>Total Expenditures</b>	<b>42,119,787</b>	<b>39,766,538</b>	<b>30,859,402</b>	<b>27,144,095</b>	<b>34,315,089</b>	<b>28,062,349</b>	<b>24,421,320</b>	<b>28,903,736</b>	<b>25,909,336</b>	<b>30,643,194</b>
<b>Excess (Deficiency) of Revenues</b>										
<b>Over (Under) Expenditures</b>	<b>(5,756,404)</b>	<b>(3,464,352)</b>	<b>6,437,556</b>	<b>6,278,186</b>	<b>(3,452,405)</b>	<b>2,977,525</b>	<b>5,649,508</b>	<b>2,116,793</b>	<b>463,798</b>	<b>(1,827,058)</b>
<b>NET CHANGE IN FUND BALANCES</b>										
<b>Fund Balances - Beginning</b>	<b>45,690,035</b>	<b>49,154,387</b>	<b>42,716,831</b>	<b>36,438,645</b>	<b>39,891,050</b>	<b>36,913,525</b>	<b>31,264,017</b>	<b>30,547,224</b>	<b>30,083,426</b>	<b>31,126,505</b>
<b>Fund Balances - Ending</b>	<b>\$ 39,933,631</b>	<b>\$ 45,690,035</b>	<b>\$ 49,154,387</b>	<b>\$ 42,716,831</b>	<b>\$ 36,438,645</b>	<b>\$ 39,891,050</b>	<b>\$ 36,913,525</b>	<b>\$ 32,664,017</b>	<b>\$ 30,547,224</b>	<b>\$ 29,299,447</b>
Debt Service as a Percentage of										
Total Expenditures	0.00%	0.00%	3.24%	7.68%	5.98%	7.41%	8.61%	6.88%	7.40%	3.00%

Other Capital Project are for TFCA projects and programs funding contribution, should be included in the calculation

# TRANSPORTATION AUTHORITY OF MARIN

## REVENUE CAPACITY – SALES TAX RATES LAST TEN FISCAL YEARS

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Fiscal Year Ended June 30:	Sales Tax Rate	Sales Tax Revenue	Annual Growth	Total Taxable Sales in Marin County (in thousands)
2018	0.50%	\$ 27,507,852	6.80%	* \$ 5,501,570
2017	0.50%	25,755,761	0.21%	* 5,011,721
2016	0.50%	25,702,937	1.73%	5,045,785
2015	0.50%	25,265,790	4.90%	5,046,316
2014	0.50%	24,086,678	1.98%	4,861,801
2013	0.50%	23,619,507	11.07%	4,664,920
2012	0.50%	21,265,462	4.96%	4,333,600
2011	0.50%	20,259,801	6.72%	4,049,869
2010	0.50%	18,984,492	-1.74%	3,834,169
2009	0.50%	19,320,196	-13.86%	3,660,036

\* Amount was estimated based on the sales tax collected.

Source: California Board of Equalization taxable sales on a calendar basis. Effective July 1, 2017, the CDTFA became the successor to the Board of Equalization and became vested with nearly all of the duties, powers and responsibilities of the Board of Equalization.

## TRANSPORTATION AUTHORITY OF MARIN

### REVENUE CAPACITY – SALES TAX RATES LAST TEN FISCAL YEARS

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Eecctive on	Apr-18	Apr-17	Apr-16	Apr-15	Apr-14	Apr-13	Apr-12	Apr-11	Apr-10	Apr-09
Belvedere	8.25%	8.25%	8.50%	8.50%	8.50%	8.50%	8.00%	9.00%	9.00%	9.00%
Corte Madera	8.75%	8.75%	9.00%	9.00%	9.00%	8.50%	8.00%	9.00%	9.00%	9.00%
Fairfax	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	8.50%	9.00%	9.00%	9.00%
Larkspur	9.00%	8.75%	9.00%	9.00%	9.00%	8.50%	8.00%	9.00%	9.00%	9.00%
Mill Valley	8.25%	8.25%	8.50%	8.50%	8.50%	8.50%	8.00%	9.00%	9.00%	9.00%
Novato	8.50%	8.50%	8.75%	9.00%	9.00%	9.00%	8.50%	9.50%	9.00%	9.00%
Ross	8.25%	8.25%	8.50%	8.50%	8.50%	8.50%	8.00%	9.00%	9.00%	9.00%
San Anselmo	8.75%	8.75%	9.00%	9.00%	9.00%	8.50%	8.00%	9.00%	9.00%	9.00%
San Rafael	9.00%	9.00%	9.25%	9.25%	9.25%	9.00%	8.50%	9.50%	9.50%	9.50%
Sausalito	8.75%	8.75%	9.00%	9.00%	8.50%	8.50%	8.00%	9.00%	9.00%	9.00%
Tiburon	8.25%	8.25%	8.50%	8.50%	8.50%	8.50%	8.00%	9.00%	9.00%	9.00%
County-Unincorporated	8.25%	8.25%	8.50%	8.50%	8.50%	8.50%	8.00%	9.00%	9.00%	9.00%

Source: California Department of Tax and Fee Administration.

# TRANSPORTATION AUTHORITY OF MARIN

## REVENUE CAPACITY – VEHICLE REGISTRATION FEE REVENUES LAST EIGHT FISCAL YEARS

<b>Fiscal Year Ended</b>		<b>VRF</b>	<b>Annual</b>
<b>June 30:</b>	<b>VRF Amount</b>	<b>Revenue</b>	<b>Growth</b>
2018	\$10	\$ 2,386,486	-0.55%
2017	\$10	2,399,640	0.97%
2016	\$10	2,376,492	1.84%
2015	\$10	2,333,550	-0.59%
2014	\$10	2,347,319	2.94%
2013	\$10	2,280,227	-2.88%
2012	\$10	2,347,952	n/a
2011	\$10	273,313	n/a

Marin County 10-Year Fee Paid Vehicle Registration Data.

<b>Calendar Year</b>	<b>Registered Vehicle</b>	<b>Change</b>
2017	247,424	-0.76%
2016	249,314	1.41%
2015	245,849	1.14%
2014	243,069	0.89%
2013	240,921	2.29%
2012	235,535	-0.15%
2011	235,891	-1.85%
2010	240,345	-0.05%
2009	240,466	-0.35%
2008	241,308	n/a

Data Source: California Department of Motor Vehicle.

# TRANSPORTATION AUTHORITY OF MARIN

## REVENUE CAPACITY – PRINCIPAL SALES TAX PAYERS BY SEGMENT FOR THE COUNTY YEAR ONE AND TEN

2016*			
Principal Revenue Payers	Rank	Total Taxes in Marin County	Percentage of Total County Taxes
All Other Outlets	1	\$ 1,190,123	23.59%
Motor Vehicle and Parts Dealers	2	797,811	15.81%
Other Retail Group	3	628,424	12.45%
Food Services and Drinking Places	4	618,118	12.25%
Building Material and Garden Equipment and Supplies Dealers	5	366,565	7.26%
Clothing and Clothing Accessories Stores	6	335,432	6.65%
Food and Beverage Stores	7	316,274	6.27%
Gasoline Stations	8	297,093	5.89%
General Merchandise Stores	9	258,399	5.12%
Home Furnishings and Appliance Stores	10	237,546	4.71%
		<u>\$ 5,045,785</u>	<u>100.00%</u>
2007*			
Principal Revenue Payers	Rank	Total Taxes in Marin County	Percentage of Taxable Sales
All Other Outlets	1	\$ 911,226	20.72%
Automotive Group	2	608,934	13.85%
Other Retail Stores	3	585,804	13.32%
General Merchandise Group	4	460,821	10.48%
Eating and Drinking Group	5	435,046	9.89%
Building Materials	6	329,500	7.49%
Service Stations	7	308,446	7.01%
Food Stores Group	8	209,609	4.77%
Home Furnishings and Appliances	9	199,860	4.55%
Business and Personal Services	10	184,488	4.20%
Apparel Stores Group	11	163,447	3.72%
		<u>\$ 4,397,181</u>	<u>100.00%</u>

\* 2016 is the latest information available. 2008 or 2009 information not available.

Data Source: California Department of Tax and Fee Administration.

## TRANSPORTATION AUTHORITY OF MARIN

### DEBT CAPACITY – RATIOS OF OUTSTANDING DEBT LAST TEN FISCAL YEARS

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Fiscal Year Ended June 30:	MTC Funding Exchange Agreement	Total Taxable Sales	Total Debt as a % of Personal Income
2015*	\$ 953,855	\$ 5,046,315,590	0.02%
2014	2,819,483	4,861,801,000	0.06%
2013	4,630,377	4,664,920,000	0.10%
2012	6,388,143	4,333,600,000	0.15%
2011	8,094,338	4,049,869,000	0.20%
2010	9,821,429	3,834,169,000	0.26%
2009	12,500,000	3,660,036,000	0.34%

Data Source: California Board of Equalization.

\* The debt was paid off in 2015. Subsequent to 2015, TAM had no outstanding debt.

## TRANSPORTATION AUTHORITY OF MARIN

### DEMOGRAPHIC AND ECONOMIC INFORMATION – DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

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Calendar Year	Population	Total Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2018	*	*	*	2.7%
2017	*	*	*	2.9%
2016	260,651	\$ 30,222,883	\$ 115,952	3.3%
2015	261,054	29,227,230	111,959	3.5%
2014	260,516	27,176,774	104,319	4.3%
2013	258,506	25,045,431	96,885	5.2%
2012	256,064	24,619,594	96,146	6.3%
2011	255,457	23,009,440	90,072	7.3%
2010	252,946	21,049,598	83,218	7.9%
2009	250,862	20,810,155	82,955	7.5%

\* Information not available.

Data Source: US Bureau of Economic Analysis.

# TRANSPORTATION AUTHORITY OF MARIN

## DEMOGRAPHIC AND ECONOMIC INFORMATION – PRINCIPAL EMPLOYERS YEAR ONE AND TEN

Employer	Rank	2016 <sup>1</sup>	
		Number of Employees	Percentage of Total County Employment
County of Marin	1	2,282	1.67%
Kaiser Permanente	2	2,061	1.51%
Marin General Hospital	3	1,757	1.29%
San Quentin State Prison	4	1,662	1.22%
BioMarin Parmaceutical	5	850	0.62%
Novato Unified School District	6	800	0.59%
Autodesk, Inc.	7	719	0.53%
San Rafael City Schools	8	700	0.51%
Glassdoor	9	500	0.37%
Dominican University	10	456	0.33%
Marin County Office of Education	11	351	0.26%
Total		12,138	8.89%
<b>Total County Employment</b>		<b>136,500</b>	

<sup>1</sup> Most recent information available.

Employer	Rank	2011 <sup>2</sup>	
		Number of Employees	Percentage of Total County Employment
County of Marin	1	2,135	1.64%
San Quentin State Prison	2	2,058	1.58%
Kaiser Permanente	3	1,330	1.02%
Safeway, Inc	4	1,200	0.92%
Marin General Hospital	5	1,090	0.84%
Fireman's Fund	6	950	0.73%
Autodesk, Inc.	7	928	0.71%
Novato Unified School District	8	832	0.64%
BioMarin	9	700	0.54%
Comcast	10	619	0.47%
Subtotal		11,842	9.08%
<b>Total County Employment</b>		<b>130,400</b>	

<sup>2</sup> Information prior to 2011 is not available.

Data Source: County of Marin Comprehensive Annual Financial Report for years prior.



## TRANSPORTATION AUTHORITY OF MARIN

### OPERATING INFORMATION – FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION FISCAL YEAR 2017-18

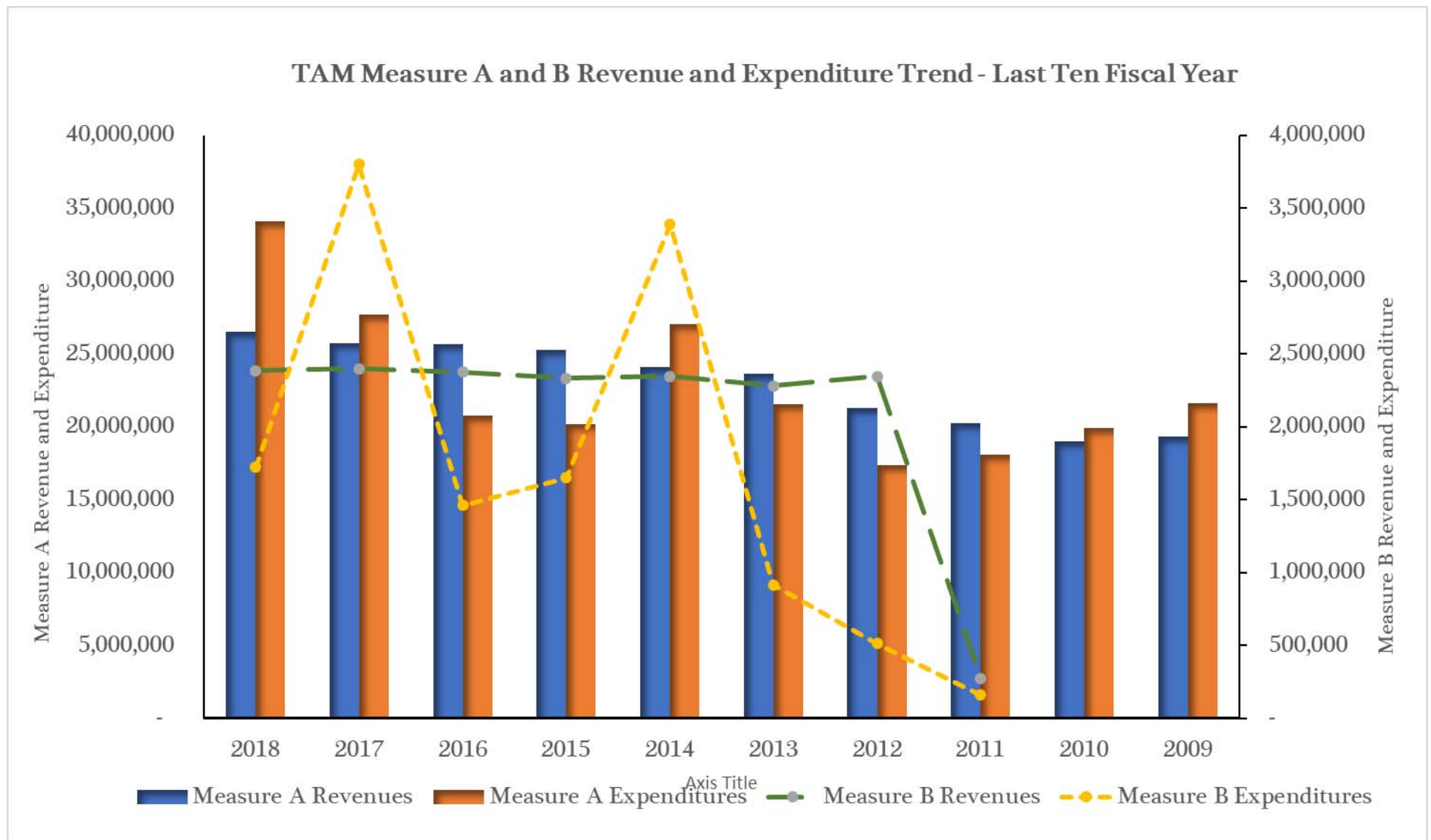
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Function	Fiscal Year
	Ending June 30, 2018 *
Capital Project	3.00
Executive	1.00
Finance and Administration	4.80
Planning	1.50
Policy and Programming	1.50
Public Outreach	1.00
<b>Total Employees</b>	<b>12.80</b>

\* TAM had no directly hired employees prior to 2018.

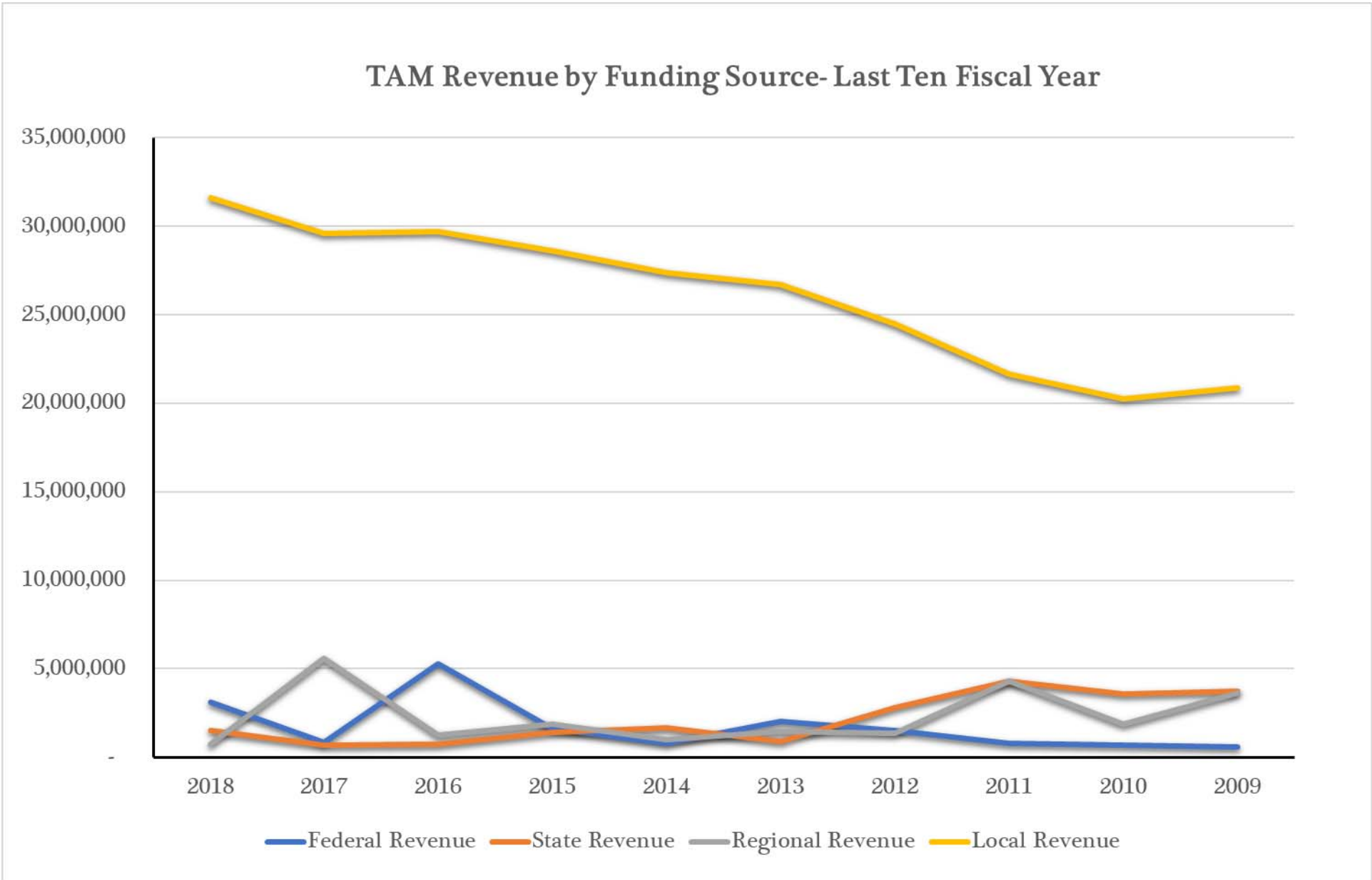
## TRANSPORTATION AUTHORITY OF MARIN

### OPERATING INFORMATION – MEASURE A AND MEASURE B ANNUAL REVENUE AND EXPENDITURES LAST TEN FISCAL YEARS



TRANSPORTATION AUTHORITY OF MARIN

OPERATING INFORMATION – REVENUE BY FUNDING SOURCE  
LAST TEN FISCAL YEARS



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## *COMPLIANCE SECTION*

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**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

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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 (TAM) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise TAM's basic financial statements, and have issued our report thereon dated December 6, 2018

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered TAM'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 TAM's internal control. Accordingly, we do not express an opinion on the effectiveness of TAM'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 TAM'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 TAM's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinck, Trine, Day & Co. LLP

Palo Alto, California

December 6, 2018





**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE 5% ADMINISTRATION CAP**

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

### **Report on Compliance**

We have audited the Transportation Authority of Marin's (TAM) compliance with the 5% administration cost cap limit (the Limit) contained in the Marin County Transportation Sales Tax Expenditure Plan ended June 30, 2018.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on TAM'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. 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 TAM'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 TAM's compliance with those requirements.

### ***Opinion***

In our opinion, TAM complied, in all material respects, with the requirements referred to above for the fiscal year ended June 30, 2018.

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

*Vavrinek, Trine, Day & Co. LLP*

Palo Alto, California

December 6, 2018



**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

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

We have audited the Transportation Authority of Marin's (TAM) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of TAM's major federal programs for the year ended June 30, 2018. TAM'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 TAM'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 TAM'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 TAM's compliance.

### *Opinion on Each Major Federal Program*

In our opinion, TAM 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, 2018.

### **Report on Internal Control Over Compliance**

Management of TAM 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 TAM'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 TAM'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.

*Vavrinck, Trinc, Day & Co. LLP*

Palo Alto, California

December 6, 2018

# TRANSPORTATION AUTHORITY OF MARIN

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Pass-through Identifying Number	Federal Expenditures	Amount paid to subrecipients
U.S. DEPARTMENT OF TRANSPORTATION				
Highway Planning and Construction				
Passed through Metropolitan Transportation Commission				
STP/CMAQ Planning	20.205	CMA Planning Agreement FY2013-16	\$ 413,783	\$ -
STP/CMAQ Planning	20.205	CMA Planning Agreement FY2018-22	213,893	-
MTC Carpool Complimentary Service	20.205	Next Generation 511 Traveler Services Program FY2016-18	70,000	-
Subtotal			697,676	-
Passed through California Department of Transportation				
Car Share Pilot Program	20.205	CML-6406(016)	32,864	-
PDA Grants	20.205	RSTPL-6406(014)	2,000	-
HBRRF Highway Bridge Fund - MSN B6	20.205	BRL0-5927(104)	59,345	-
Nonmotorized Transportation Pilot Program				
NTTP - Street Smarts	20.205	NMTPL-6406(015)	14,584	-
NTTP - Central Marin Ferry Connector	20.205	CML-6406(010)	2,317,583	2,317,583
Subtotal			2,426,376	2,317,583
Total U.S. Department of Transportation			\$ 3,124,052	\$ 2,317,583

See accompanying notes to the schedule of expenditures of federal awards.

# **TRANSPORTATION AUTHORITY OF MARIN**

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2018**

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### **1. 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 TAM. TAM 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. TAM 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 TAM. 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 TAM.

### **2. 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 JUNE 30, 2018

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### FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

### FEDERAL AWARDS

Internal control over major programs:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance	<u>No</u>

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>20.205</u>	<u>Highway Planning and Construction</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**TRANSPORTATION AUTHORITY OF MARIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2018**

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**FINANCIAL STATEMENT FINDINGS**

None reported.



**TRANSPORTATION AUTHORITY OF MARIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2018**

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**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported.

**TRANSPORTATION AUTHORITY OF MARIN**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**JUNE 30, 2018**

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None reported.