




**DATE:** October 24, 2019

**TO:** Transportation Authority of Marin Board of Commissioners

**FROM:** Anne Richman, Executive Committee  
Li Zhang, Chief Financial Officer 

**SUBJECT:** Review and Acceptance of the FY2018-19 TAM Comprehensive Annual Financial Report (Action), Agenda Item No. 8

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**RECOMMENDATION:**

The TAM Board reviews and accepts the Draft FY2018-19 TAM Comprehensive Annual Financial Report (CAFR).

**BACKGROUND:**

TAM is required by the Measure A/AA ½-Cent Transportation Sales Tax Expenditure Plans and PUC Code 180105(c) to conduct an annual financial audit. TAM staff, along with its audit team from Eide Bailly LLP, (formerly Vavrinek, Trine, Day & Co. LLP, merged with Eide Bailly LLP, as of July 22, 2019), started the work on the FY2018-19 financial audit in June of this year and the final field visit was conducted the first week of September. As required by the Measure A/AA ½-Cent Transportation Sales Tax Expenditure Plans, the COC was asked to review and accept the Draft FY2018-19 TAM CAFR at its October 21, 2019 meeting. The COC will report the clean result of the audits to the Marin County residents in the FY2018-19 TAM/COC Annual Report.

**DISCUSSION/ANALYSIS:**

FY2018-19 Comprehensive Annual Financial Report

As you may recall, staff developed TAM's first CAFR during the FY2017-18 audit cycle. The CAFR is designed to ensure that users of the financial statements have the information and context needed to assess the financial health of TAM. It has four main components:

- **Introductory Section:** A letter of transmittal is included in this section. The letter should discuss a profile of the agency and the general economy of Marin County, in which it operates. It also highlights accomplishments and discusses major initiatives of TAM.
- **Financial Section:** This section contains most of what is required for basic financial statements.
- **Statistical Section:** This section allows operational, economic, and historical data to be included. This provides a context for assessing a government's economic condition. The statistical section is made up of the following broad categories:

- ✓ Information on financial trends
  - ✓ Information on revenue capacity
  - ✓ Information on debt capacity
  - ✓ Demographic and economic information
  - ✓ Operating information
- Compliance Section: This section includes all the compliance audits that TAM is subject to in the fiscal year audited as well as the Single Audit Report required by the federal awards.

Staff is happy to report that TAM's first CAFR received the Certificate of Achievement for Excellence in Financial Reporting Award from the Government Finance Officers Association of the United States and Canada (GFOA). 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. Staff appreciates the confirmation of good work by the GFOA and will continue to improve the CAFR over the years.

#### Results of the FY2018-19 Financial and Single Audits

The Auditor has certified that all of TAM's financial statements are presented fairly in all material aspects, has certified the financial position of the governmental activities and each major fund as of and for the year ended June 30, 2019, and the respective changes in financial position thereof and the budgetary comparison for the special revenue funds for the year ended in conformity with U.S. generally accepted accounting principles, as well as the accounting system prescribed by the State Controller's Office and state regulations governing special districts.

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

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

The Expenditure Plan allows TAM to use up to 5% of the Measure A/AA revenue for administration and project/program management related expenditures, of which 1% can be used for salaries and benefits for administrative staff and 4% can be used for overall project/program support. The Measure A compliance audit conducted for FY2018-19 confirmed that TAM is in compliance with the 5% overall cost ceiling and under the 1% administrative staff cost cap mandated by Measure A/AA.

#### **FISCAL CONSIDERATION:**

The audit is being conducted within budget and on time.

#### **NEXT STEPS:**

After the acceptance of the TAM Board, the COC will report the audit results to Marin County residents in the FY2018-19 TAM/COC Annual Report.

#### **ATTACHMENTS:**

Attachment: Draft TAM FY2018-19 Comprehensive Annual Financial Report

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2019



Transportation Authority of Marin  
San Rafael, CA



*MAKING THE MOST OF MARIN COUNTY TRANSPORTATION DOLLARS*



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Transportation Authority of Marin

# Comprehensive Annual Financial Report

*For the Fiscal Year Ended June 30, 2019*

*Prepared by the Finance and Administration Team*

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## TRANSPORTATION AUTHORITY OF MARIN

**TABLE OF CONTENTS**  
**JUNE 30, 2019**


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**INTRODUCTORY SECTION**

Letter of Transmittal	i
GFOA Certificate of Achievement for Excellence in Financial Reporting Award	ix
Organizational Chart	x
Commissioners and Officials	xi

**FINANCIAL SECTION**

Independent Auditor's Report	1
Management's Discussion and Analysis	4

**Basic Financial Statements**

## Government-wide Financial Statements:

Statement of Net Position	12
Statement of Activities	13

## Fund Financial Statements:

Governmental Funds - Balance Sheet	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	17

Notes to Financial Statements	21
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**Required Supplementary Information**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	41
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - BAAQMD/TFCA Fund	44
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Measure A Sales Tax Fund	45
Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - Measure AA Sales Tax Fund	47
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Measure B VRF Fund	48
Schedule of Proportionate Share of Net Pension Liability	49
Schedule of Pension Contributions	50
Notes to Required Supplementary Information	51

**STATISTICAL SECTION**

## Financial Trends:

Net Position by Component	57
Changes in Net Position	58

## TRANSPORTATION AUTHORITY OF MARIN

**TABLE OF CONTENTS**  
**JUNE 30, 2019**


---

Fund Balances - Governmental Funds	59
Changes in Fund Balances - Governmental Funds	60
Revenue Capacity	
Sales Tax Rates	61
Revenue Capacity-Vehicle Registration Fee Revenues	63
Principal Sales Tax Payers By Segment For The County	64
Debt Capacity:	
Ratios of Outstanding Debt	65
Demographic and Economic Information:	
Demographic and Economic Statistics	66
Principal Employers	67
Operating Information:	
Full-Time Equivalent Employees by Function	68
Measure A/AA Annual Revenue and Expenditures	69
Measure B Annual Revenue and Expenditures	70
Revenue by Funding Source	71
<b>COMPLIANCE SECTION</b>	
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 <i>Government Auditing Standards</i>	75
Independent Auditor's Report on Compliance With the 5% Administration Cap	77
Independent Auditor's Report on Compliance With Requirements That Could Have Direct and Material Effect On Each Major Federal Program and Report on Internal Control Over Compliance	78
Schedule of Expenditures of Federal Awards	80
Notes to Schedule of Expenditures of Federal Awards	81
Schedule of Findings and Questioned Costs	82
Schedule of Prior Audit Findings	83



*INTRODUCTORY SECTION*

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October 24, 2019

900 Fifth Avenue  
Suite 100  
San Rafael  
California 94901

Phone: 415/226-0815  
Fax: 415/226-0816

www.tam.ca.gov

**Belvedere**  
James Campbell

**Corte Madera**  
David Kunhardt

**Fairfax**  
John Reed

**Larkspur**  
Dan Hillmer

**Mill Valley**  
Stephanie Moulton-Peters

**Novato**  
Eric Lucan

**Ross**  
P. Beach Kuhl

**San Anselmo**  
Brian Colbert

**San Rafael**  
Gary Phillips

**Sausalito**  
Susan Cleveland-Knowles

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Alice Fredericks

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Damon Connolly  
Katie Rice  
Kathrin Sears  
Dennis Rodoni  
Judy Arnold

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, 2019. 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.

Both the Measure A/Measure AA 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, 2019.

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.

Eide Bailly LLP, (formerly Vavrinek, Trine, Day & Co. LLP, merged with Eide Bailly LLP, as of July 22, 2019), Certified Public Accountants, have issued an unmodified (“clean”) opinion on TAM’s financial statements for the year ended June 30, 2019. 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 AGENCY**

TAM plays a major role in improving the quality of life for Marin County residents. TAM 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, and the Expenditure Plan for Measure AA, the 30-year extension of Measure A, approved by the voters in 2018, with an overwhelming 76.7% approval rate. The ½-Cent Transportation Sales Tax is the most critical local funding source for addressing Marin County's transportation needs. Revenues from the original Measure A have funded 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; the safe routes to school program; and school crossing guards. Revenues from Measure AA continue to support local transit, major and local street and road projects, the safe routes to school program, and school crossing guards. The Measure AA revenues also provide funding for critical new highway priority projects, such as the Marin Sonoma Narrows, Highway 101/I-580 Direct Connector Project, a comprehensive interchange improvement program, and also support innovative technology and sea level rise resiliency.

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/Measure AA 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 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.

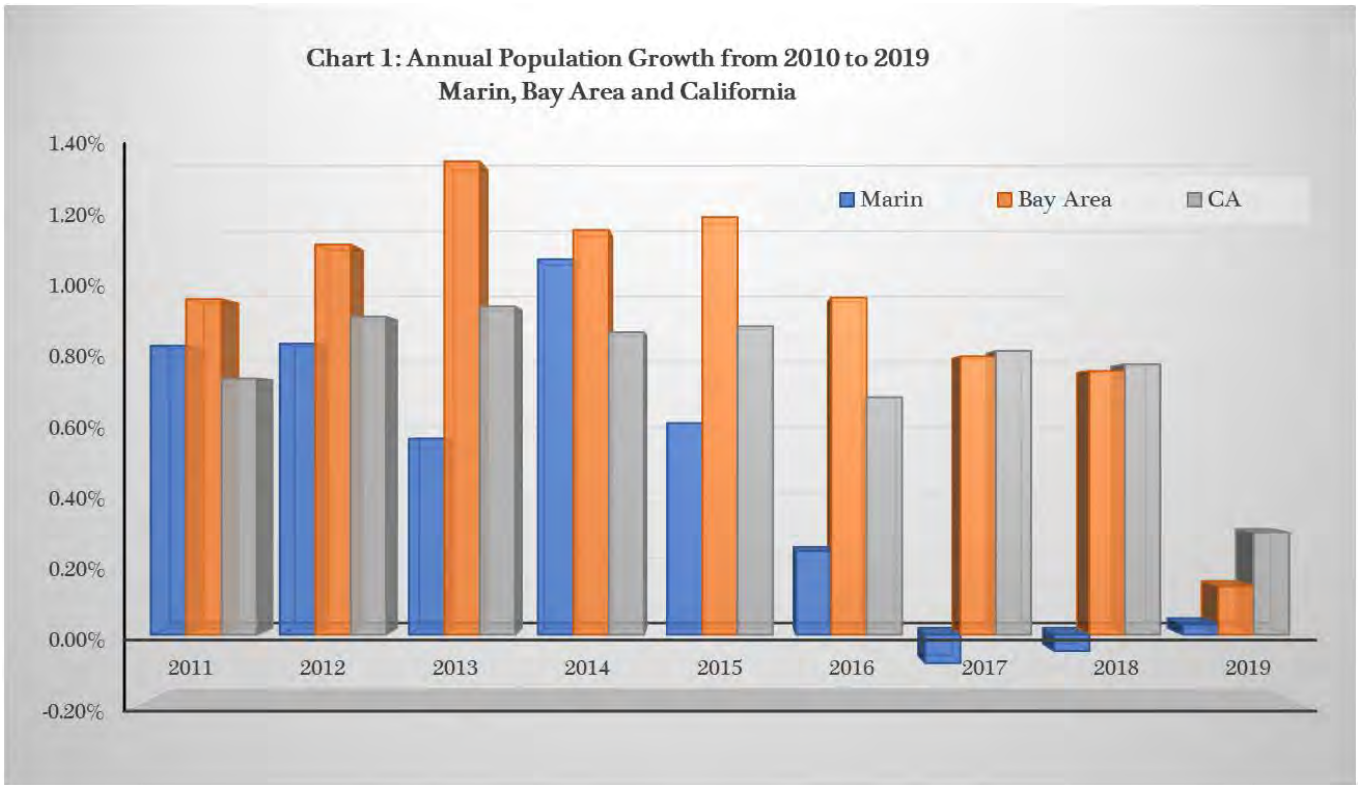
### **Major Economic and Sales Tax Revenue Trend Indicators**

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

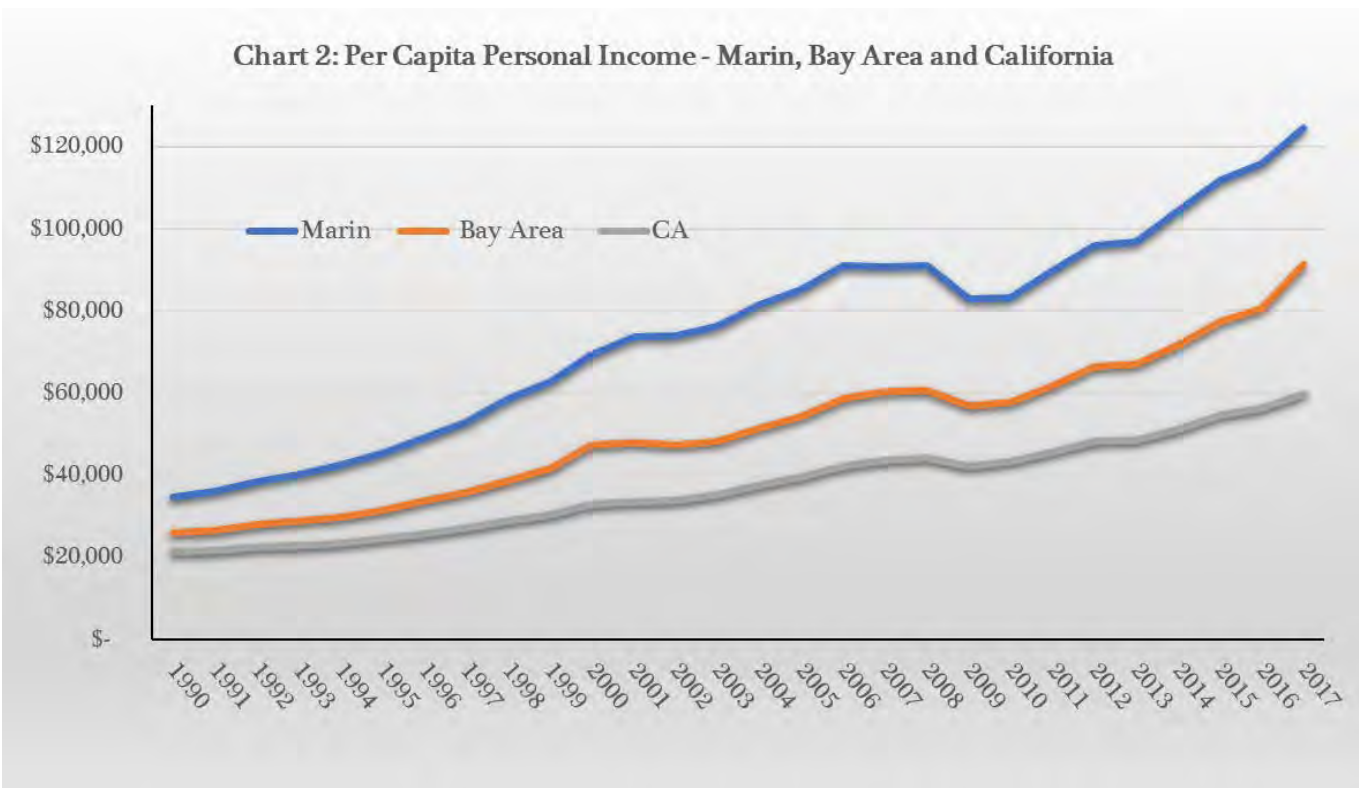
According to the data provided by the California Department of Finance, from 2010 to 2019, the population of Marin County increased from 252,409 to 262,879, with an annual growth rate of 0.45%. As shown in "Chart 1: Annual Population Growth from 2010 to 2019, Marin, Bay Area and California", Marin's 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 2017, Marin's average per capita personal income (\$124,552) is more than double the national average (\$51,640) and the state average (\$59,796), and also more than 35% higher than the Bay Area average (\$91,459).

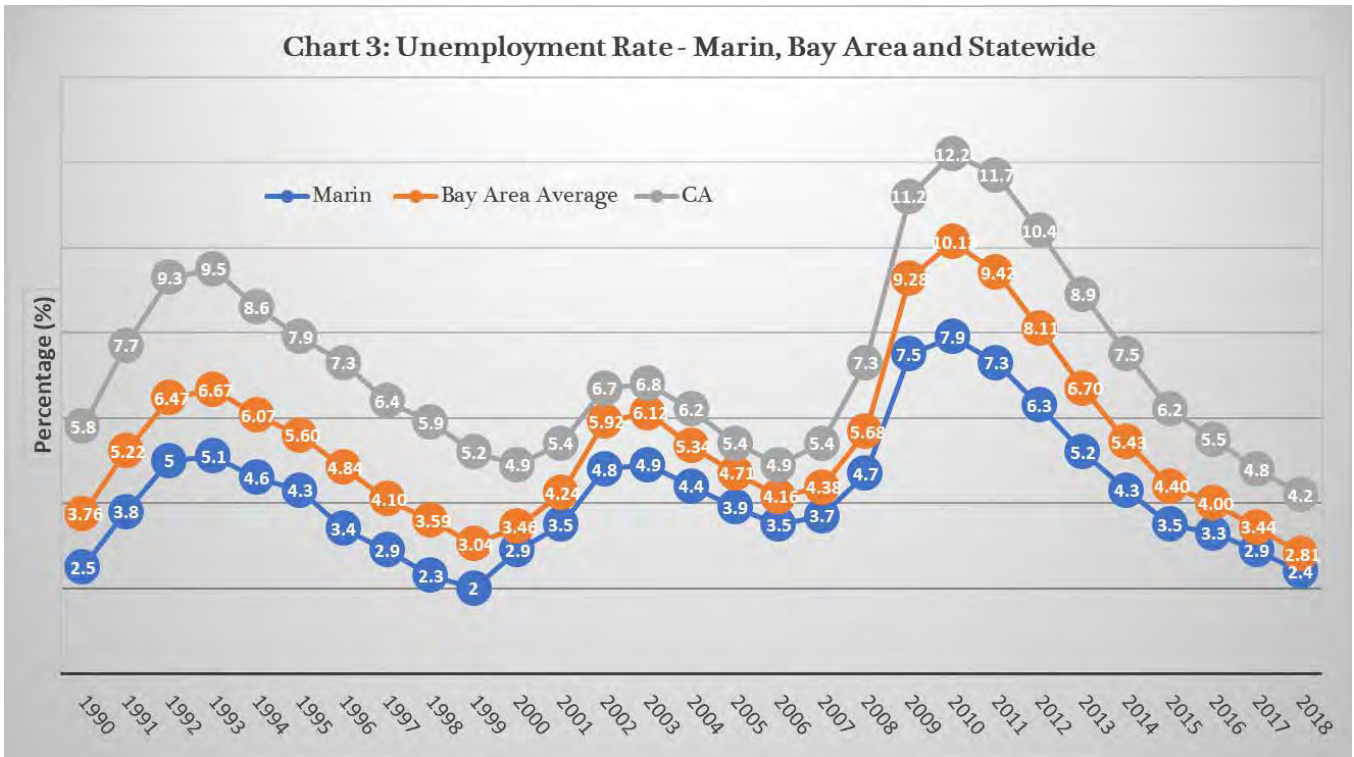
Marin has been enjoying one of the lowest unemployment rates in the nation for decades. As shown in "Chart 3: Unemployment Rate – Marin, Bay Area and California", the unemployment rate in Marin is much lower than the State and the average Bay Area. The unemployment rate in the Marin County was 2.4 percent in August 2019, down from a revised 2.5 percent in July 2019. This compares with an unadjusted unemployment rate of 4.2 percent for California and 3.8 percent for the nation during the same period. Among the nine Bay Area counties, San Mateo County had the lowest unemployment rate at 2.1 percent, followed by San Francisco at 2.3 percent and Marin County at 2.4 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: Marin ½-Cent Transportation Sales Tax Revenue Trend, from FY2006-FY2019" shows the historical revenue collection since the inception of the ½-Cent Transportation Sales Tax.



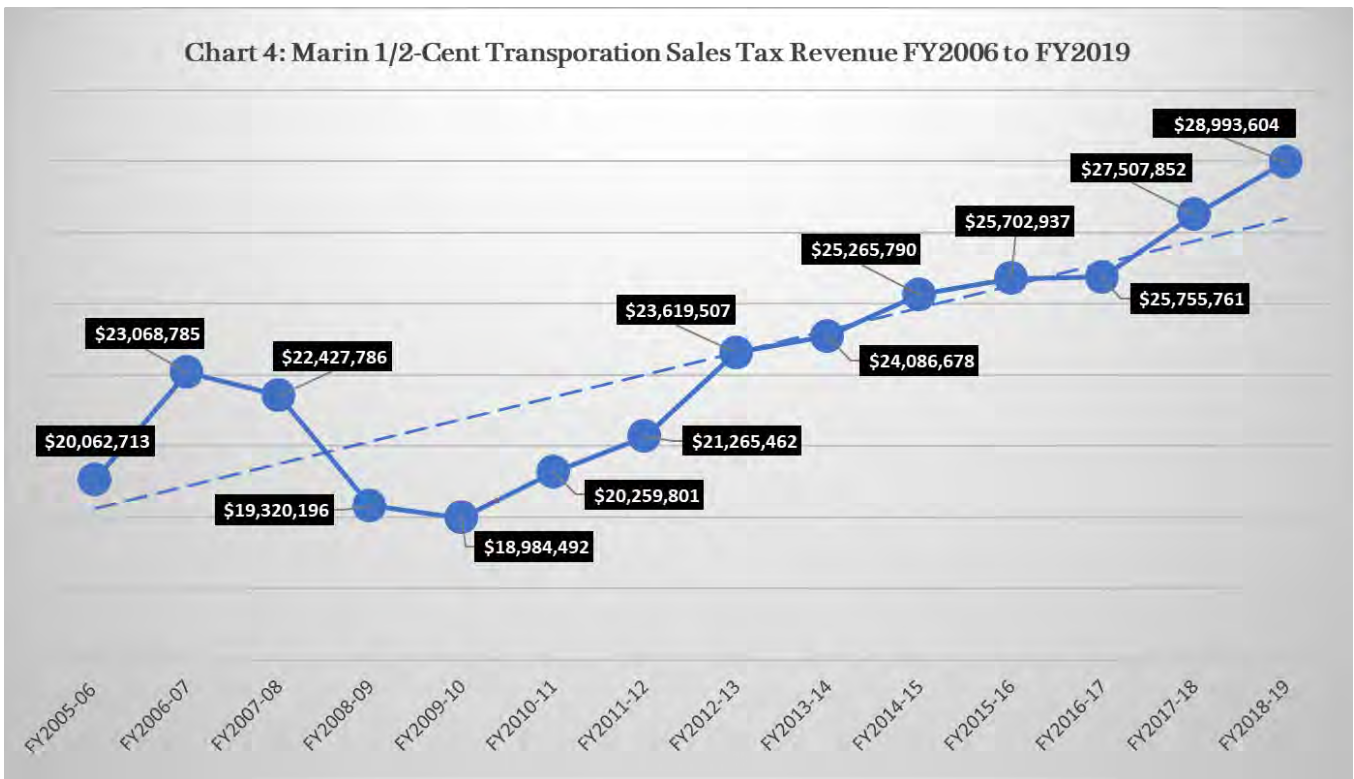
Data Source: State of California Department of Finance



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



Data Source: State of California Employment Development Department



**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, and is fully prepared to do the same with Measure AA, the 30-year extension of the Measure A. TAM has been operating mostly on a pay-as-you-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.

The Measure AA ½-Cent Transportation Sales Tax Expenditure Plan provides a high degree of accountability and was designed to respond to emerging transportation issues over the next 30-year period, while continuing to fund the high priority transportation projects and programs in the County. Cash flow of most projects and programs under Measure AA will be met by the steady collection of the revenue. However, various financial options will need to be studied to meet the cash flow needs of the two major highway projects funded by Measure AA: Marin Sonoma Narrows and the Highway 101/I-580 Direct Connector Project.

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.

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. While the two major lawsuits against RM3 were dismissed by the Superior Court, an appeal was filed.

Staff will continue to keep apprised of the RM3 legal situation and will continue prudent financial practice during this challenging time.

**MAJOR PROJECT ACTIVITIES**

TAM will continue the delivery of all uncompleted projects and programs in the Measure A Expenditure Plan, as well as the new projects and programs in the Measure AA Expenditure Plan, and the projects and programs in the Measure B Expenditure Plan.

TAM will work closely with various local 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
- Marin-Sonoma Narrows HOV Lane & Multi-Use Path
- State Route 37 Improvements
- NB Highway 101 to EB I-580 Direct Connector Project
- Improve Highway 101 Local Interchanges and Freeway Access Routes
- Bellam Boulevard Off-Ramp Improvements
- Safe Routes to Schools Programs
- 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**

TAM produced its first 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 during the FY2017-18 financial audit. The first CAFR received very positive feedback from the Board, the Citizens' Oversight Committee, and the general public. Staff is happy to report that the first CAFR also received the Certificate of Achievement for Excellence in Financial Reporting Award from the Government Finance Officers Association of the United States and Canada (GFOA). 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. Staff appreciates the confirmation of good work by the GFOA and will continue to improve the CAFR over the years.

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 cooperation and support of all other staff. We also want to acknowledge the extensive effort of TAM's audit team from Eide Bailly 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 residents in Marin for their continued support of TAM's mission to provide a better and more efficient transportation system for the County.

Respectfully submitted,

Anne Richman  
Executive Director

Li Zhang  
Chief Financial Officer/Deputy Executive Director

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Government Finance Officers Association

**Certificate of  
Achievement for  
Excellence in  
Financial Reporting**

Presented to

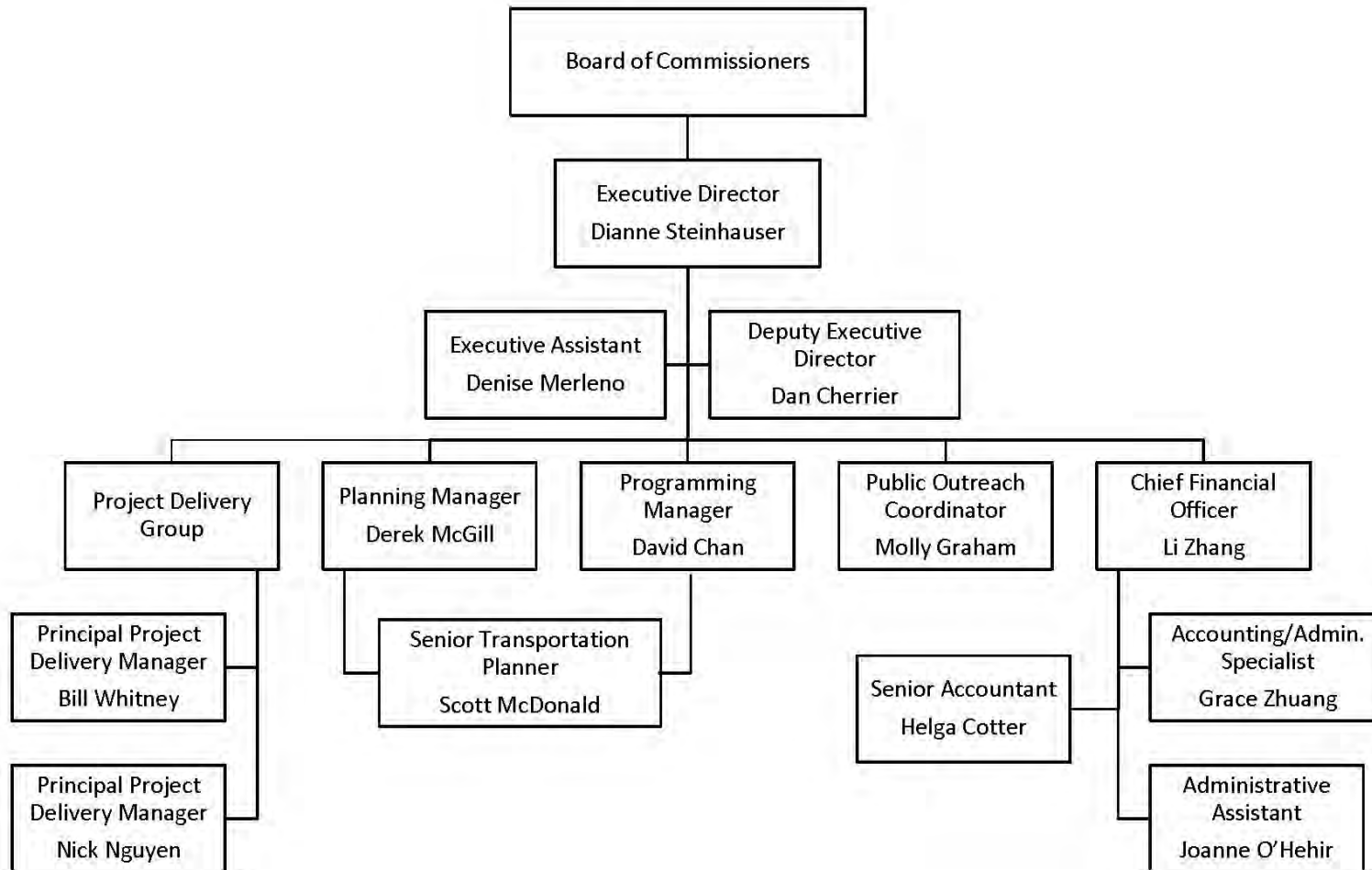
**Transportation Authority of Marin  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

Executive Director/CEO

**Transportation Authority of Marin Organization Chart**  
*As of June 30, 2019*



\*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, 2019

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Judy Arnold/Chair	County of Marin
Alice Fredericks/Vice Chair	Town of Tiburon
James Campbell	City of Belvedere
David Kunhardt	Town of Corte Madera
John Reed	Town of Fairfax
Dan Hillmer	City of Larkspur
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Damon Connolly	County of Marin
Katie Rice	County of Marin
Kathrin Sears	County of Marin
Dennis Rodoni	County of Marin

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***FINANCIAL SECTION***

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Transportation Authority of Marin (TAM) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the 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 the TAM, as of June 30, 2019, 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 the 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 section 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 **DATE OF REPORT**, on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering of the TAM's internal control over financial reporting and compliance.

Palo Alto, California  
**DATE OF REPORT**

## TRANSPORTATION AUTHORITY OF MARIN

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

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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, 2019. 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 \$41.81 million in revenues in FY 2018-2019, of which \$29.40 million, or 70.3% is the ½-Cent Transportation Sales Tax revenue, originally approved by the voters as Measure A in November 2004, and then renewed as Measure AA in November 2018. We have seen steady growth of the sales tax revenue in Marin County for the last nine years. TAM's \$29.40 million Measure A/AA ½-Cent Transportation Sales Tax collection in FY 2018-2019 is \$1.90 million, or 6.9% higher than the \$27.51 million collected in FY 2017-2018. This continuing healthy revenue improvement will help the funding picture of many transportation projects and programs in Marin County. A total of \$2.42 million was collected under Measure B, the \$10 Vehicle Registration Fee (VRF) program, in FY 2018-2019. Together, the Measure A/AA 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 transportation projects and programs in Marin County.

Besides the Measure A/AA ½-Cent Transportation Sales Tax revenue and the Measure B \$10 VRF revenue collection, TAM also received about \$8.08 million for its CMA related activities. As the CMA for Marin County, TAM collected about \$2.19 million from MTC in Congestion Management Planning and Programming and One Bay Area Grant (OBAG) 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 \$4.2 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 \$0.77 million was received from the State Transportation Improvement Program (STIP), including \$0.17 million for Planning, Programming & Monitoring Funding, \$0.21 million in MSN & Irwin Creek Funding, and \$0.39 million excess right of away sales revenue from the Highway 101 Gap Closure Project and originally paid with STIP funds. TAM also received a total of \$0.05 million reimbursement from the Climate Initiatives Program and the Non-motorized Transportation Pilot Program.

As of June 30, 2019, total investment TAM holds with CalTRUST, the Investment Trust of California, is \$49.14 million. Total interest revenue received from various CalTRUST funds and from TAM's cash holding with Bank of Marin during FY 2018-2019 is \$3.97 million. As of June 30, 2019, the unrealized gain from the various CalTRUST funds is \$0.18 million. Including the funds in the Bank of Marin and CalTRUST, TAM has a total cash/investment balance of \$53.11 million as of June 30, 2019.

Total FY 2018-2019 expenditures for TAM were \$35.48 million, of which \$23.85 million was from the Measure A ½-Cent Transportation Sales Tax Fund. Expenditures for Measure AA ½-Cent Transportation Sales Tax Fund were \$0.65 million. Expenditures for all Measure B \$10 VRF programs

**TRANSPORTATION AUTHORITY OF MARIN**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

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were \$1.92 million. The other \$9.05 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 have 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 Statement 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 Government-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 that qualify or have been selected to be Major Funds are explained below.

## TRANSPORTATION AUTHORITY OF MARIN

MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019

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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 2018-2019.

***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 \$8.96 million for various transportation planning and programming activities, and capital projects management, and received a total of \$7.95 million in revenue in FY 2018-2019.

The fund's fiscal year-end balance is \$0.76 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, 2019**

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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 2018-2019 is \$0.42 million. The Fund spent \$0.09 million on such activities in FY 2018-2019.

The Fund's fiscal year-end balance is \$1.62 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. \$23.98 million in revenue was collected in FY 2018-2019. The Fund spent \$23.85 million on various Measure A related activities, with \$1.49 million for Administration, \$0.44 million for Professional Services, \$21.85 million for Measure A Projects and Programs and \$0.01 million for Interagency Agreements.

The Fund's fiscal year-end balance is \$33.77 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 AA 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 AA ½-Cent Transportation Sales Tax Expenditure Plan, approved by Marin voters in November 2018, which extended the revenue under Measure A for 30 years. Total of \$6.90 million in revenue was collected in FY2018-2019. The Fund spent \$0.65 million on various Measure AA related activities, with \$0.47 million for Professional Services, and \$0.18 million for Measure AA Projects and Programs.

The Fund's fiscal year-end balance is \$6.25 million, representing funds that have not been expended but are restricted for various projects and programs according to the Measure AA ½-Cent Transportation Sales Tax Expenditure Plan.

**TRANSPORTATION AUTHORITY OF MARIN**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

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*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 \$2.57 million in FY2018-2019 and spent over \$1.92 million on various Measure B programs. The fund balance as of June 30, 2019 is \$3.87 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.

**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, 2019, and June 30, 2018.

TAM's governmental net position was \$46.23 million as of June 30, 2019, and comprised of the following:

- Cash and Investments of \$53.11 million in the CalTRUST and deposits with Bank of Marin.
- Receivables and Prepaid Items of \$10.87 million in sales tax and other accounts receivables.
- Liabilities, including all accounts payables, unearned revenues and net pension liability, totaling \$18.24 million.
- Total net position for TAM was \$46.23 million as of June 30, 2019, which were all restricted for various transportation projects and programs.



## TRANSPORTATION AUTHORITY OF MARIN

MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change</u>
<b>Assets</b>			
Cash and Investments	\$ 53,113,005	\$ 50,778,115	\$ 2,334,890
Sales Tax Receivable	5,432,078	4,404,590	1,027,488
Accounts Receivable	5,417,761	1,459,433	3,958,328
Prepaid Items	24,140	29,111	(4,971)
<b>Total Assets</b>	<b>63,986,984</b>	<b>56,671,249</b>	<b>7,315,735</b>
<b>Deferred outflows</b>	<b>460,145</b>	<b>304,621</b>	<b>155,524</b>
<b>Liabilities</b>			
Accounts Payable	11,998,912	10,454,211	1,544,701
Accrued Liabilities	51,858	52,206	(348)
Unearned Revenue	5,666,626	6,231,201	(564,575)
Other Liabilities Due Within One Year	139,708	129,679	10,029
Liabilities Due in More Than One Year	378,615	388,878	(10,263)
<b>Total Liabilities</b>	<b>18,235,719</b>	<b>17,256,175</b>	<b>979,544</b>
<b>Deferred inflows</b>	<b>13,675</b>	<b>61,679</b>	<b>(48,004)</b>
<b>Net Position</b>			
Restricted	46,197,735	39,658,016	6,539,719
<b>Total Net Position</b>	<b>\$ 46,197,735</b>	<b>\$ 39,658,016</b>	<b>\$ 6,539,719</b>

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, \$8.08 million or 19.3% of TAM's FY 2018-2019 governmental revenues, came from program revenues and \$33.73 million, or 80.7%, came from general revenues such as Measure A ½-Cent Transportation Sales Taxes, as Measure AA ½-Cent Transportation Sales Taxes, Measure B \$ 10 VRF and investment earnings.

Measure A and Measure AA ½-Cent Transportation Sales Tax revenues are the largest revenue for TAM at \$29.40 million and represent about 70.3% of TAM's FY2018-2019 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 and \$2.42 million was collected in FY2018-2019 under this funding source. Investment earnings are also part of the general revenues, including interest earned during the year and unrealized gains.

## TRANSPORTATION AUTHORITY OF MARIN

MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change</u>
<b>Revenues</b>			
<b>Program Revenue:</b>			
Operating Grants and Contributions	\$ 8,081,927	\$ 6,329,413	\$ 1,752,514
<b>Total Program Revenues</b>	<u>8,081,927</u>	<u>6,329,413</u>	<u>1,752,514</u>
<b>General Revenue:</b>			
Sales Tax	29,398,854	26,541,399	2,857,455
Vehicle Registration Fee	2,417,118	2,386,486	30,632
Investment earnings	1,914,194	139,632	1,774,562
<b>Total General Revenues</b>	<u>33,730,166</u>	<u>29,067,517</u>	<u>4,662,649</u>
<b>Expenses</b>			
Administration	3,174,942	3,334,511	(159,569)
Professional Services	4,216,372	2,803,406	1,412,966
Program/Project	23,888,909	30,401,537	(6,512,628)
Interagency Agreement	3,992,151	5,855,948	(1,863,797)
<b>Total Expenses</b>	<u>35,272,374</u>	<u>42,395,402</u>	<u>(7,123,028)</u>
<b>Changes in Net Position</b>	<u>6,539,719</u>	<u>(6,998,472)</u>	<u>13,538,191</u>
<b>Net Position - Beginning</b>	<u>39,658,016</u>	<u>46,656,488</u>	<u>(6,998,472)</u>
<b>Net Position - Ending</b>	<u>\$ 46,197,735</u>	<u>\$ 39,658,016</u>	<u>\$ 6,539,719</u>

**TRANSPORTATION AUTHORITY OF MARIN**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

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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 FY2018-2019 is \$8.08 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/AA 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. Steady revenue sources will help the financial picture of transportation projects and programs in Marin County. However, TAM is also taking necessary precautions to prepare for a possible recession on the horizon.

On the expenditure side, through ongoing prudent cash flow management and due to delay in project delivery schedules for various reasons, TAM was able to ensure adequate cash for the needs of various capital projects in FY 2018-2019. On the other hand, with a few major capital projects starting under the Measure AA Expenditure Plan, it's expected that TAM will need to explore various cash management/financing options to meet the cash flow of several projects.

**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, 2019

	<b>Governmental Activities</b>
<b>ASSETS:</b>	
Cash and Investments	\$ 53,113,005
Sales Tax Receivable	5,432,078
Accounts Receivable	5,417,761
Prepaid Items	24,140
<b>Total Assets</b>	<b>63,986,984</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred Outflows From Pension Activities	460,145
<b>LIABILITIES:</b>	
Accounts Payable	11,998,912
Accrued Liabilities	51,858
Unearned Revenue	5,666,626
Compensated Absences, Due in One Year	139,708
Compensated Absences	45,027
Net Pension Liability	333,588
<b>Total Liabilities</b>	<b>18,235,719</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred Inflows From Pension Activities	13,675
<b>NET POSITION:</b>	
Restricted for:	
BAAQMD-TFCA Project	1,622,263
Measure AA Sales Tax Project	6,249,615
Measure A Sales Tax Project	33,769,786
Measure B VRF Projects	3,872,810
Congestion Management Projects	683,261
<b>Total Net Position</b>	<b>\$ 46,197,735</b>

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

## TRANSPORTATION AUTHORITY OF MARIN

STATEMENT OF ACTIVITIES  
JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
<b>Governmental Activities:</b>			
Congestion Management:			
Administration	\$ 3,174,942	\$ 4,411,621	\$ 1,236,679
Professional Services	4,216,372	3,305,769	(910,603)
TFCA Programs/Projects	66,388	364,537	298,149
Measure A Sales Tax Programs	21,849,187	-	(21,849,187)
Measure AA Sales Tax Programs	182,971	-	(182,971)
Measure B VRF Programs	1,790,363	-	(1,790,363)
Interagency Agreement	3,992,151	-	(3,992,151)
<b>Total Governmental Activities</b>	<b>\$ 35,272,374</b>	<b>\$ 8,081,927</b>	<b>(27,190,447)</b>
General Revenues:			
			22,529,582
			6,869,272
			2,417,118
			1,914,194
			<u>33,730,166</u>
			6,539,719
			39,658,016
			<u>\$ 46,197,735</u>

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

## TRANSPORTATION AUTHORITY OF MARIN

BALANCE SHEET- GOVERNMENTAL FUNDS  
JUNE 30, 2019

	General Fund	BAAQMD/ TFCA Fund	Measure A Sales Tax Fund	Measure AA Sales Tax Fund	Measure B VRF Fund	Total Governmental Funds
<b>ASSETS:</b>						
Cash and Investments	\$ 5,377,455	\$ 1,689,076	\$ 39,715,973	\$ 1,941,135	\$ 4,389,366	\$ 53,113,005
Sales Tax Receivable	-	-	472,364	4,959,714	-	5,432,078
Accounts Receivable	5,003,668	-	-	-	414,093	5,417,761
Prepaid Items	-	-	24,140	-	-	24,140
<b>Total Assets</b>	<b>\$ 10,381,123</b>	<b>\$ 1,689,076</b>	<b>\$ 40,212,477</b>	<b>\$ 6,900,849</b>	<b>\$ 4,803,459</b>	<b>\$ 63,986,984</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Accounts Payable	\$ 3,932,120	\$ 66,503	\$ 6,420,276	\$ 651,234	\$ 928,779	\$ 11,998,912
Accrued Liabilities	27,263	310	22,415	-	1,870	51,858
Unearned Revenues	5,666,626	-	-	-	-	5,666,626
<b>Total Liabilities</b>	<b>9,626,009</b>	<b>66,813</b>	<b>6,442,691</b>	<b>651,234</b>	<b>930,649</b>	<b>17,717,396</b>
<b>Fund Balances:</b>						
Nonspendable	-	-	24,140	-	-	24,140
Restricted for:						
BAAQMD/TFCA	-	1,622,263	-	-	-	1,622,263
Measure A Sales Tax	-	-	33,745,646	-	-	33,745,646
Measure AA Sales Tax	-	-	-	6,249,615	-	6,249,615
Measure B VRF	-	-	-	-	3,872,810	3,872,810
Congestion Management	755,114	-	-	-	-	755,114
<b>Total Fund Balances</b>	<b>755,114</b>	<b>1,622,263</b>	<b>33,769,786</b>	<b>6,249,615</b>	<b>3,872,810</b>	<b>46,269,588</b>
<b>Total Liabilities and Fund</b>	<b>\$ 10,381,123</b>	<b>\$ 1,689,076</b>	<b>\$ 40,212,477</b>	<b>\$ 6,900,849</b>	<b>\$ 4,803,459</b>	<b>\$ 63,986,984</b>

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, 2019**

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<b>Total Fund Balances of Governmental Funds</b>	\$ 46,269,588
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.	(184,735)
Net pension liability and related deferrals are not due and payable in the current period and therefore are not reported in the governmental funds.	<u>112,882</u>
<b>Total Net Position - Governmental Activities</b>	<u><u>\$ 46,197,735</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  
 JUNE 30, 2019

	General Fund	BAAQMD/TFCA Fund	Measure A Sales Tax Fund	Measure AA Sales Tax Fund	Measure B VRF Fund	Total Governmental Funds
<b>REVENUES</b>						
Measure A Sales Tax Revenue	\$ -	\$ -	\$ 22,529,582	\$ -	\$ -	\$ 22,529,582
Measure AA Sales Tax Revenue	-	-	-	6,869,272	-	6,869,272
Measure B VRF Revenue	-	-	-	-	2,417,118	2,417,118
Cities/Towns and County Contribution	558,999	-	-	-	-	558,999
Investment Earnings	227,976	57,007	1,445,281	33,370	150,560	1,914,194
MTC STP/CMAQ Planning Fund and OBAG Grants	698,619	-	-	-	-	698,619
PDA Planning Funds	1,492,479	-	-	-	-	1,492,479
MTC Regional Measure 2 Fund	4,200,382	-	-	-	-	4,200,382
Transportation For Clean Air Funding	-	364,537	-	-	-	364,537
State STIP/PPM Fund	117,564	-	-	-	-	117,564
STIP/RTIP/IIP Fund	601,873	-	-	-	-	601,873
MTC Grant for Youth Transit Program/CMAQ	24,010	-	-	-	-	24,010
CMFC NTPP/CMAQ Pass-through	23,464	-	-	-	-	23,464
<b>Total Revenues</b>	<b>7,945,366</b>	<b>421,544</b>	<b>23,974,863</b>	<b>6,902,642</b>	<b>2,567,678</b>	<b>41,812,093</b>
<b>EXPENDITURES</b>						
Congestion Management - Current:						
Administration	1,734,051	22,821	1,488,964	93.00	132,775	3,378,704
Professional Services	3,305,769	-	440,640	469,963	-	4,216,372
TFCA Programs/Projects	-	66,388	-	-	-	66,388
Measure A Sales Tax Programs/Projects	-	-	21,849,187	-	-	21,849,187
Measure AA Sales Tax Programs/Projects	-	-	-	182,971	-	182,971
Measure B VRF Programs/Projects	-	-	-	-	1,790,363	1,790,363
Interagency Agreements	3,920,490	-	71,661	-	-	3,992,151
<b>Total Expenditures</b>	<b>8,960,310</b>	<b>89,209</b>	<b>23,850,452</b>	<b>653,027</b>	<b>1,923,138</b>	<b>35,476,136</b>
<b>Net Change in Fund Balances</b>	<b>(1,014,944)</b>	<b>332,335</b>	<b>124,411</b>	<b>6,249,615</b>	<b>644,540</b>	<b>6,335,957</b>
<b>Fund Balance - Beginning</b>	<b>1,770,058</b>	<b>1,289,928</b>	<b>33,645,375</b>	<b>-</b>	<b>3,228,270</b>	<b>39,933,631</b>
<b>Fund Balance - Ending</b>	<b>\$ 755,114</b>	<b>\$ 1,622,263</b>	<b>\$ 33,769,786</b>	<b>\$ 6,249,615</b>	<b>\$ 3,872,810</b>	<b>\$ 46,269,588</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  
JUNE 30, 2019**

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

<b>Net Change in Fund Balances</b>	\$ 6,335,957
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.	212,943
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.	(9,181)
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 6,539,719</u></u>

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, 2019

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

On March 2, 2004, the Marin County Board of Supervisors created the Transportation Authority of Marin (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, the Measure AA ½-Cent Transportation Sales Tax Expenditure Plan, approved by Marin voters in November 2018 and extended the revenue under Measure AA for 30 years, 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 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/AA 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, 2019

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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 Transportation Fund for Clean Air (TFCA) grant TAM receives from Bay Area Air Quality Management District (BAAQMD). The purpose of the TFCA grant is to fund studies related to the monitoring of air quality control, and any capital improvements that can contribute to the improvement of air quality.

**Measure A ½-Cent Transportation Sales Tax 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 AA 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 AA ½-Cent Transportation Sales Tax Expenditure Plan, approved by Marin voters in November 2018 and extended the revenue stream under Measure A for 30 years. Collection of Measure AA revenue started on April 1, 2019.

**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

## TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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

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, 2019 were as follows:

	Balance July 01, 2018	Additions	Deductions	Balance June 30, 2019	Due Within One Year
Compensated Absences	\$ 175,554	\$ 142,849	\$ 133,668	\$ 184,735	\$ 139,708

**TRANSPORTATION AUTHORITY OF MARIN**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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

**Net Position and Fund Balances**

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

**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.

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, 2019

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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.

**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, 2019**

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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. 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. This Statement is effective for reporting periods beginning after December 15, 2018. TAM has not determined the effect of this Statement.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. This Statement is effective for reporting periods beginning after December 15, 2019. TAM has not determined the effect of this Statement.

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 objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. This Statement is effective for reporting periods beginning after December 15, 2019. TAM has not determined the effect of this Statement.

GASB Statement No. 90 – In September 2018, the GASB issued Statement No. 90, Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Statement is effective for reporting periods beginning after December 15, 2018. TAM has not determined the effect of this Statement.

**TRANSPORTATION AUTHORITY OF MARIN**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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

GASB Statement No. 91 – In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations. The objective of this Statement is to provide a single method of reporting conduit debt obligations by issues and eliminate diversity in practice. The Statement is effective for reporting periods beginning after December 15, 2020. TAM has not determined the effect of this Statement.

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TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 2 – CASH AND INVESTMENTS

Classification

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

Cash and cash deposits	\$ 3,973,259
Investments with CalTRUST Joint Powers Authority Pool	49,139,746
Total Cash and Investments	\$ 53,113,005

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	None
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

CalTRUST invests in fixed income securities eligible for investment pursuant to California Government Code Sections 53601, et. seq. and 53635, et. seq. Investment guidelines adopted by the CalTRUST Board of Trustees may further restrict the types of investments held by the Trust. Leveraging within the Trust’s portfolios is prohibited.

## TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

## 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	1 to 5 Years
Deposits With CalTRUST Joint Powers Authority Pool	\$ 49,139,746	\$ 2,532,028	\$ 46,607,718

## 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.

Investment Type	Totals	S&P Global Ratings		
		AAf	AA-f	AAAm
Deposits With CalTRUST Joint Powers Authority Pool	\$ 49,139,746	\$ 1,887,619	\$ 46,607,718	\$ 644,408

## Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and TAM's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market 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 deposits by pledging first trust deed mortgage notes

## TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

having a value of 150% of the secured public deposits.

As of June 30, 2019, \$3,736,046 of bank balances were exposed to custodial credit risk by not being insured or collateralized.

**Fair Value Measurements**

TAM categorizes the fair value measurements 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. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that TAM has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include TAM's own data.

Deposits and withdrawals in the CalTRUST's Fund are made on the basis of \$1 and not fair value. Accordingly, TAM's proportionate share of investments in those funds at June 30, 2019 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

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

Reported investment income is comprised of the following components as of June 30, 2019:

Investment income	\$ 1,075,683
Realized and unrealized gain in investments	838,511
Total investment income	<u>\$ 1,914,194</u>

## TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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**NOTE 3 – 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 4 – COMMITMENTS AND CONTINGENCIES**

TAM has various cooperative agreements with governmental entities and contracts with vendors. As of June 30, 2019, TAM's total outstanding commitments were approximately \$55.19 million, with \$31.63 million expended and \$23.56 million still outstanding as of June 30, 2019.

**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. Future minimum lease payments for fiscal year ended June 30, 2020 is \$ 254,827.

**NOTE 5 – 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) Employment practices liability - \$ - \$1,000,000 each occurrence and annual aggregate. All deductibles are \$10,000.
- e) Public official's errors and omissions - \$1,000,000 each occurrence and annual aggregate. All deductibles are \$2,500.

**TRANSPORTATION AUTHORITY OF MARIN**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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**NOTE 5 – RISK MANAGEMENT- CONTINUED**

- f) Workers' compensation - \$1,000,000 each occurrence.

TAM mitigates its exposure to loss through purchase of private insurance. During the year ending June 30, 2019, TAM had no settlements exceeding insurance coverage for these categories of risk. For the past three years, settlements or judgment amounts have not exceeded insurance provided for TAM.

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## TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

## NOTE 6 – PENSION PLANS

## General Information about the Pension Plan

*Plan Description*

All qualified employees are eligible to participate in TAM's Employee Pension Plan (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, 2019, are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013
Hire date	2% at 55	2% at 62
Benefit formula	5 years service	5 years service
Benefit vesting schedule	monthly for life	monthly for life
Benefit payments	55	62
Normal retirement age	2.0% to 2.5%	1.0% to 2.5%
Monthly benefits, as a percent of eligible compensation	7.00%	6.25%
Required employee contribution rates	9.41%	6.84%
Required employer contribution rates		

## TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

## NOTE 6 – 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, 2019, the contributions made by TAM to the plan were equal to the amount of the annual required employer contributions of \$156,750.

*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, 2017, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018, 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, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry-Age and Service
Investment Rate of Return	7.50%
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 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies,
Increase	2.50% thereafter

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

## TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

## NOTE 6 – 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, 2017 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, 2019, TAM recognized pension credit of \$56,193. On June 30, 2019, 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	\$ 156,750	\$ -
Contributions in excess of proportionate share	1,680	-
Changes in assumptions	38,030	(9,320)
Difference in expected and actual experience	12,799	(4,355)
Adjustment due to differences in proportions	249,237	-
Net differences between projected and actual earnings on plan investments	1,649	-
Total	<u>\$ 460,145</u>	<u>\$ (13,675)</u>

Reported as deferred outflows of resources related to contributions subsequent to the measurement date is \$156,750, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

## TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

## NOTE 6 – 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>
2020	\$ 122,390
2021	108,590
2022	61,740
2023	(3,000)
	<u>\$ 289,720</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, 2019

## NOTE 6 – 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	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	100.0%		

(1) An expected inflation of 2.0% used for this period.

(2) An expected inflation of 2.92% used for this period.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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NOTE 6 – 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:

	<u>1% Decrease</u>	<u>Current discount rate</u>	<u>1% Increase</u>
	6.15%	7.15%	8.15%
Proportionate share of NPL	781,480	333,588	(36,140)

*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

JUNE 30, 2019

	Original	Final	Actual	Variances - Positive (Negative) Final to Actual
<b>REVENUES</b>				
Cities/Towns and County Contribution	\$ 559,000	\$ 559,000	\$ 558,999	\$ (1)
Interest Revenue	25,000	25,000	143,712	118,712
MTC STP/CMAQ Planning Fund and OBAG Grants	1,452,023	1,452,023	2,191,098	739,075
MTC Regional Measure 2 Fund	5,642,680	5,642,680	4,201,449	(1,441,231)
State STIP/PPM Fund	194,063	194,063	173,038	(21,025)
STIP/RTIP/IIP Fund	1,153,122	1,153,122	210,336	(942,786)
Non-motorized Transportation Pilot Program	37,287	37,287	23,464	(13,823)
MTC Climate Initiatives Program Grant/CMAQ	65,111	65,111	24,010	(41,101)
Realized Highway 101 Right of Way Excess Funds	615,000	615,000	391,537	(223,463)
<b>Total Revenues</b>	<b>9,743,286</b>	<b>9,743,286</b>	<b>7,917,643</b>	<b>(1,825,643)</b>
<b>EXPENDITURES</b>				
Administration:				
Salaries and Benefits	1,352,100	1,352,100	1,248,275	103,825
Office Supplies	10,000	10,000	14	9,986
Legal Services	30,000	30,000	43,771	(13,771)
Document/Video/Marketing Material Reproduction	40,000	40,000	13,027	26,973
Memberships	20,000	20,000	12,706	7,294
Travel/Meetings/Conferences	15,000	15,000	8,701	6,300
Carshare Membership	1,500	1,000	-	1,000
Professional Development	2,500	2,500	-	2,500
Human Resources/Payroll/Board Support	10,000	35,000	13,197	21,804
Miscellaneous Expenses	2,500	2,500	463	2,037
Pension Liabilities Pay Down	-	393,896	393,896	-
Pension/OPEB Section 115 Trust Funding	-	157,470	-	157,470

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

JUNE 30, 2019

	Original	Final	Actual	Variances - Positive (Negative) Final to Actual
<b>EXPENDITURES - continued</b>				
Professional Services:				
CMP Update/Traffic Monitoring	60,000	60,000	110,475	(50,475)
Travel Model Maintenance and Update	250,000	250,000	191,652	58,348
Traffic Monitoring and Reporting	25,000	25,000	5,000	20,000
Project Management Oversight	170,000	170,000	238,792	(68,792)
MSN B1 Phase 2 and A4 Design	800,000	1,100,000	2,240,620	(1,140,620)
MSN San Antonio Curve Correction Construction Support	150,000	150,000	98,702	51,298
HOV Gap Closure Mitigation - Brookdale /Maintenance	10,000	10,000	6,000	4,000
State Legislative Assistance	38,500	40,250	40,250	-
Financial Advisor Services	10,000	10,000	15,248	(5,248)
North-South Greenway Gap Closure / PS&E	300,000	300,000	277,055	22,945
Public Outreach Service Support	30,000	30,000	20,500	9,500
Street Smart Program Implementation	35,000	35,000	23,100	11,900
Highway 101 Ramp Metering Implementaion Plan Outreach	50,000	50,000	-	50,000
CMFC Onsite Re-Vegetation Mitigation Monitoring and Reporting	10,000	10,000	1,858	8,143
Innovation Program	25,000	25,000	-	25,000
Sales Tax Reauthorization Support	50,000	26,500	26,518	(18)
Consulting Pool	25,000	25,000	10,000	15,000

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

JUNE 30, 2019

	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
North-South Greenway (Southern Segment)- County Project Management	250,000	250,000	15,317	234,683
North-South Greenway (Northern Segment)- Coop Agreement With Caltrans	2,000,000	2,000,000	-	2,000,000
HOV Gap Closure Offsite Landscaping Mitigation Funding Agreement - Caltrans	400,000	400,000	-	400,000
SR37 Study Funding Contribution - Agreement	20,000	20,000	11,765	8,235
Caltrans MSN A2 and A3 Construction Support	42,000	42,000	-	42,000
Sausalito - Gate 6 Bridgeway Intersection Improvements	47,000	47,000	72,468	(25,468)
Corte Madera - Tamal Vista Blvd Bike/Ped Improvements	526,000	526,000	-	526,000
San Rafael - Multi Pathway - 2nd Street to Anderson Drive	2,950,000	2,950,000	2,950,000	-
Marin County/Caltrans SR-37 Planning Grant Match	9,000	9,000	5,944	3,056
San Anselmo-Hub Reconfiguration Phase I Study	309,000	309,000	-	309,000
Bicycle and Pedestrian Plan Update	15,000	15,000	15,000	-
Marin County/Caltrans Planning Grant Match Manzanita & Southern Marin Flooding	21,000	21,000	-	21,000
San Rafael - Canal Neighborhood CBTP	-	20,000	-	20,000
North-South Greenway (Southern Segment) - SMART ROW Funding Contribution	-	850,000	850,000	-
<b>Total Expenditures</b>	<b>10,136,100</b>	<b>11,860,216</b>	<b>8,960,311</b>	<b>2,899,905</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>(392,814)</b>	<b>(2,116,930)</b>	<b>(1,042,668)</b>	<b>1,074,262</b>
<b>Fund Balance - Beginning</b>	<b>1,770,058</b>	<b>1,770,058</b>	<b>1,770,058</b>	<b>-</b>
<b>Fund Balance - Ending - Budgetary Basis</b>	<b>\$ 1,377,244</b>	<b>\$ (346,872)</b>		<b>\$ 1,074,262</b>
Reconciling Items				
Prior Year Adjustment - Revenue Prior FY Adj for STIP PPM			(56,540)	
GASB 31			84,264	
<b>Fund Balance - Ending - GAAP Basis</b>			<b>\$ 755,114</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

JUNE 30, 2019

	Original	Final	Actual	Variances - Positive (Negative) Final to Actual
<b>REVENUES</b>				
Interest Revenue	\$ 25,000	\$ 25,000	\$ 30,481	\$ 5,481
Transportation For Clean Air Funding	360,000	360,000	364,537	4,537
<b>Total Revenues</b>	<b>385,000</b>	<b>385,000</b>	<b>395,018</b>	<b>10,018</b>
<b>EXPENDITURES</b>				
Administration:				
Salaries and Benefits	17,765	17,765	22,821	(5,056)
TFCA Programs/Projects:				
TFCA - Reimbursement of Various Capital Projects	397,000	397,000	66,388	330,612
<b>Total Expenditures</b>	<b>414,765</b>	<b>414,765</b>	<b>89,209</b>	<b>325,556</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>(29,765)</b>	<b>(29,765)</b>	<b>305,809</b>	<b>335,574</b>
<b>Fund Balance - Beginning</b>	<b>1,289,928</b>	<b>1,289,928</b>	<b>1,289,928</b>	<b>-</b>
<b>Fund Balance - Ending - Budgetary Basis</b>	<b>\$ 1,260,163</b>	<b>\$ 1,260,163</b>		<b>\$ 335,574</b>
Reconciling Item				
GASB 31			26,526	
<b>Fund Balance - Ending - GAAP Basis</b>			<b>\$ 1,622,263</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**  
**JUNE 30, 2019**

	Original	Final	Actual	Variations - Positive (Negative) Final to Actual
<b>REVENUES</b>				
Measure A Sales Tax Revenue	\$ 26,940,000	\$ 20,205,000	\$ 22,529,582	\$ 2,324,582
Interest Revenue	300,000	300,000	816,932	516,932
<b>Total Revenues</b>	<b>27,240,000</b>	<b>20,505,000</b>	<b>23,346,514</b>	<b>2,841,514</b>
<b>EXPENDITURES</b>				
Administration				
Salaries and Benefits	993,330	993,330	1,029,242	(35,912)
Office Lease	260,000	260,000	252,769	7,231
Agencywide IT and Computer Equipment Upgrade	10,000	10,000	7,773	2,227
Equipment Purchase/Lease	10,000	10,000	9,051	949
Telephone/Internet/ Web Hosting Services	25,000	25,000	22,743	2,257
Office Supplies	30,000	30,000	24,465	5,535
Update/Improvement of TAM Website	20,000	20,000	16,123	3,877
Classification Study	30,000	30,000	-	30,000
Insurance	8,000	12,000	9,512	2,488
Financial Audit	20,000	20,000	12,000	8,000
Legal Services	30,000	30,000	8,518	21,482
Document/Video/Marketing Material Production	20,000	16,000	6,737	9,263
Memberships	5,000	5,000	5,704	(704)
Travel/Meetings/Conferences	25,000	25,000	15,835	9,165
Carshare Membership	1,500	-	108	(108)
Electric Bike Purchase/Lease	3,000	5,000	4,154	846
Professional Development	3,500	3,500	6,218	(2,718)
Human Resources/Payroll/Board Support	50,000	75,000	15,012	59,988
Information Technology Support	45,000	45,000	30,512	14,488
Annual Support and Upgrade of Financial System	15,000	15,000	8,623	6,377
Miscellaneous Expenses	15,000	15,000	3,866	11,134
Professional Services				
Bellam Blvd 101 Off-Ramp Improvements - Design	350,000	173,472	58,420	115,052
580/101 Durect Connector Project Support	150,000	-	-	-
Project Management Oversight	170,000	318,000	74,948	243,052
Financial Advisor Services	10,000	10,000	2,247	7,753
North-South Greenway Gap Closure/PS&E Services	-	400,000	286,657	113,343
Public Outreach Service Support	15,000	15,000	-	15,000
Consulting Pool	45,000	45,000	18,369	26,631

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**  
**JUNE 30, 2019**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variances - Positive (Negative) Final to Actual</u>
Measure A Sales Tax Programs/Projects:				
Measure A Compliance Audit	20,000	20,000	11,500	8,500
Bike/Ped Path Maintenance	166,000	166,000	57,314	108,686
GGT Ferry Shuttle Service Contribution through MT	85,000	85,000	170,000	(85,000)
Central Marin Ferry Connector - SMART Insurance Policy	25,000	25,000	14,081	10,919
Measure A Substrategy 1.1 - Local Bus Transit Service	10,400,000	10,400,000	10,083,681	316,319
Measure A Substrategy 1.2 - Rural Bus Transit System	990,000	923,549	923,549	-
Measure A Substrategy 1.3 - Special Needs Transit Services	2,721,751	2,605,231	2,269,798	335,433
Measure A Substrategy 1.4 - Bus Transit Facilities	3,950,000	3,950,000	783,571	3,166,429
Measure A Substrategy 2 STP/HIP Swap Projects	400,000	400,000	484,000	(84,000)
Measure A Substrategy 3.1 - Major Roads	2,250,000	2,250,000	1,341,410	908,590
Measure A Substrategy 3.2 - Local Roads	3,301,611	3,301,611	3,267,612	33,999
Measure A Substrategy 4.1 - Safe Routes to Schools	823,000	823,000	692,086	130,914
Measure A Substrategy 4.2 - Crossing Guards Services	1,070,000	1,530,000	1,261,071	268,929
Measure A Substrategy 4.3 - Safe Pathways Plan Development	100,000	100,000	100,000	-
Measure A Substrategy 4.3 - Safe Pathways Capital Projects	1,250,000	1,250,000	389,512	860,488
Interagency Agreements:				
Funding Agreement with Larkspur for East SF Drake Improvement Project	200,000	200,000	7,507	192,493
County Lower Marin City Drainage Study Agreement	50,000	50,000	16,851	33,149
FA with County of Marin Bellam Blvd Const & Const Mngt	1,800,000	1,800,000	47,303	1,752,697
San Rafael Multi-Use Path /2nd Street to Rice Dr.	763,000	-	-	-
Novato Pedestrian Access to Transit and Crosswalk Improvement Project Agreement	151,000	151,000	-	151,000
<b>Total Expenditures</b>	<b>32,875,692</b>	<b>32,636,693</b>	<b>23,850,452</b>	<b>8,786,241</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>(5,635,692)</b>	<b>(12,131,693)</b>	<b>(503,938)</b>	<b>11,627,755</b>
<b>Fund Balance - Beginning</b>	<b>33,645,375</b>	<b>33,645,375</b>	<b>33,645,375</b>	<b>-</b>
<b>Fund Balance - Ending - Budgetary Basis</b>	<b>\$ 28,009,683</b>	<b>\$ 21,513,682</b>		<b>\$ 11,627,755</b>
Reconciling Item				
GASB 31			628,349	
<b>Fund Balance - Ending - GAAP Basis</b>			<b>\$ 33,769,786</b>	

See accompanying note to required supplementary information.

## TRANSPORTATION AUTHORITY OF MARIN

MEASURE AA SALES TAX FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCE – BUDGET AND ACTUAL  
 JUNE 30, 2019

	Original	Final	Actual	Variances - Positive (Negative) Final to Actual
<b>REVENUES</b>				
Measure AA Sales Tax Revenue	\$ -	6,735,000	\$ 6,869,272	\$ (134,272)
Interest Revenue	-	-	3,151	(3,151)
<b>Total Revenues</b>	<u>-</u>	<u>6,735,000</u>	<u>6,872,423</u>	<u>(137,423)</u>
<b>EXPENDITURES</b>				
Administration				
Miscellaneous Expenses	-	-	92	(92)
Professional Services				
Bellam Blvd 101 Off-Ramp Improvements - Design & R/W	-	176,528	176,528	-
Sales Tax Reauthorization Support	-	293,500	293,436	64
Measure AA Sales Tax Programs/Projects:				
Substrategy 1.2 - Rural Bus Transit System	-	66,451	66,451	-
Substrategy 1.3 - Special Needs Transit Service	-	116,520	116,520	-
<b>Total Expenditures</b>	<u>-</u>	<u>652,999</u>	<u>653,027</u>	<u>(28)</u>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	-	6,082,001	6,219,396	-
<b>Fund Balance - Beginning</b>	-	-	-	-
<b>Fund Balance - Ending - Budgetary Basis</b>	<u>\$ -</u>	<u>6,082,001</u>	<u>-</u>	<u>\$ -</u>
Reconciling Item				
GASB 31			30,219	
<b>Fund Balance - Ending - GAAP Basis</b>			<u>\$ 6,249,615</u>	

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

JUNE 30, 2019

	Original	Final	Actual	Variances - Positive (Negative) Final to Actual
<b>REVENUES</b>				
Measure B VRF Revenue	\$2,400,000	\$ 2,400,000	\$ 2,417,118	\$ 17,118
Interest Revenue	50,000	50,000	81,406	31,406
<b>Total Revenues</b>	<b>2,450,000</b>	<b>2,450,000</b>	<b>2,498,524</b>	<b>48,524</b>
<b>EXPENDITURES</b>				
Administration:				
Salaries and Benefits	118,579	118,579	118,350	229
Office Supplies	-	-	79	(79)
Update Improvements TAM Website	-	-	3,311	(3,311)
Legal Services	10,000	10,000	4,567	5,433
Document/Video/Marketing Material Production	5,000	5,000	2,377	2,623
Travel/Meetings/Conferences	1,500	1,500	2,879	(1,379)
Misc Expenses	3,000	3,000	1,212	1,788
Professional Services:				-
Project Management Oversight	10,000	10,000	-	-
Measure B VRF Programs:				
Measure B Element 1.2 - Bike/Ped Pathways Maintenance	114,000	114,000	69,724	44,276
Measure B Element 2.1 - Mobility Management Programs	140,000	140,000	75,274	64,726
Measure B Element 2.2 - Paratransit and Low Income Scholarships	235,000	235,000	198,289	36,711
Measure B Element 2.3 - Paratransit Plus	600,000	600,000	614,766	(14,766)
Measure B Element 2.4 - Volunteer Drive and Gap Grant	145,000	145,000	103,085	41,915
Measure B Element 3.1 - Safe Routes to School/Street Smarts	345,000	345,000	345,000	-
Measure B Element 3.2 - Commute Alternatives	293,999	358,999	294,041	64,958
Measure B Element 3.3 - Discretionary Fuel Vehicle Program	435,000	435,000	222,196	212,804
<b>Total Expenditures</b>	<b>2,456,078</b>	<b>2,521,078</b>	<b>2,055,151</b>	<b>455,927</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>(6,078)</b>	<b>(71,078)</b>	<b>443,373</b>	<b>514,451</b>
<b>Fund Balance - Beginning</b>	<b>3,228,270</b>	<b>3,228,270</b>	<b>3,228,270</b>	<b>-</b>
<b>Fund Balance - Ending - Budgetary Basis</b>	<b>\$ 3,222,192</b>	<b>\$ 3,157,192</b>		<b>\$ 514,451</b>
Reconciling Item				
Prior Year Expenditure Adjustment			132,013	
GASB 31			69,154	
<b>Fund Balance - Ending - GAAP Basis</b>			<b>\$ 3,872,810</b>	

See accompanying note to required supplementary information.



## TRANSPORTATION AUTHORITY OF MARIN

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**JUNE 30, 2019**

	<u>2019</u>	<u>2018 *</u>
Proportion of the net pension liability	0.008852%	0.01359%
Proportionate share of the net pension liability	\$ 333,588	\$ 343,003
Covered payroll	\$ 820,454	\$ 820,454
Proportionate share of the net pension liability as a percentage of covered payroll	40.66%	41.81%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	77.69%	75.39%
Discount Rate	7.15%	7.15%
Measurement Date	June 30, 2018	June 30, 2017

\* Prior to January 1, 2018, all personnel working for TAM were hired by the Local Government Services (LGS)/Regional Government Services (RGS). TAM became its own employer of record on January 1, 2018 and entered into a contract with CalPERS directly. Information for a 10 years trend will be compiled as it become available.

See accompanying note to required supplementary information.

TRANSPORTATION AUTHORITY OF MARIN

SCHEDULE OF PENSION CONTRIBUTIONS

JUNE 30, 2019

	<u>2019</u>	<u>2018 *</u>
Actuarially determined contributions	\$ 156,750	\$ 115,695
Contributions in relation to the actuarially determined contributions	(156,750)	(115,695)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	1,779,778	820,454
Contributions as a percentage of covered payroll	8.81%	14.10%

\* Prior to January 1, 2018, all personnel working for TAM were hired by the Local Government Services (LGS)/Regional Government Services (RGS). TAM became its own employer of record on January 1, 2018 and entered into a contract with CalPERS directly. Information for a 10 years trend will be compiled as if become available.

See accompanying note to required supplementary information.

**TRANSPORTATION AUTHORITY OF MARIN**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2019**

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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.

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## TRANSPORTATION AUTHORITY OF MARIN

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

	Fiscal Years Ending June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities:										
Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,908	\$ 9,817
Restricted										
Corte Madera Project	-	-	-	-	10,002	9,984	224,527	324,977	428,496	426,343
CMA Projects/Programs	683,261	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
TFCA Projects/Programs	1,622,263	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
Marin Community Foundation	-	-	-	-	-	-	-	-	36,684	43,626
Measure A Projects/Programs	33,769,786	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
Measure AA Projects/Programs	6,249,615	-	-	-	-	-	-	-	-	-
Measure B Projects/Programs	3,872,810	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>	<b>\$ 46,197,735</b>	<b>\$ 39,658,016</b>	<b>\$ 46,656,488</b>	<b>\$ 49,729,228</b>	<b>\$ 42,341,924</b>	<b>\$ 33,619,161</b>	<b>\$ 35,260,672</b>	<b>\$ 30,525,381</b>	<b>\$ 24,574,587</b>	<b>\$ 20,735,612</b>

## TRANSPORTATION AUTHORITY OF MARIN

FINANCIAL TRENDS – CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS

EXPENSES	Fiscal Years Ending June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities:										
Congestion Management	\$ 35,272,374	\$ 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
Interest	-	-	-	14,308	70,695	125,431	178,559	230,127	133,928	-
<b>Total Expenses</b>	<b>35,272,374</b>	<b>42,395,402</b>	<b>39,766,538</b>	<b>29,905,547</b>	<b>25,278,467</b>	<b>32,504,195</b>	<b>26,304,583</b>	<b>22,720,034</b>	<b>27,181,554</b>	<b>24,128,531</b>
<b>REVENUES</b>										
Program Revenues:										
Grants and Contributions	8,081,927	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
<b>Total Revenues</b>	<b>8,081,927</b>	<b>6,329,413</b>	<b>8,024,309</b>	<b>8,535,259</b>	<b>5,657,885</b>	<b>4,225,369</b>	<b>5,092,646</b>	<b>6,380,109</b>	<b>10,333,580</b>	<b>7,089,796</b>
Net (Expense) / Revenue	(27,190,447)	(36,065,989)	(31,742,229)	(21,370,288)	(19,620,582)	(28,278,826)	(21,211,937)	(16,339,925)	(16,847,974)	(17,038,735)
<b>GENERAL REVENUES</b>										
Governmental Activities:										
Sales Tax	29,398,854	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
Vehicle Registration	2,417,118	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	1,914,194	139,632	122,475	682,270	164,964	203,298	47,466	77,333	153,834	298,846
<b>Total General Revenues</b>	<b>33,730,166</b>	<b>29,067,517</b>	<b>28,669,489</b>	<b>28,757,591</b>	<b>28,343,345</b>	<b>26,637,315</b>	<b>25,947,228</b>	<b>23,690,719</b>	<b>20,686,949</b>	<b>19,283,338</b>
Governmental Activities Change in Net Position	\$ 6,539,719	\$ (6,998,472)	\$ (3,072,740)	\$ 7,387,303	\$ 8,722,763	\$ (1,641,511)	\$ 4,735,291	\$ 7,350,794	\$ 3,838,975	\$ 2,244,603

## TRANSPORTATION AUTHORITY OF MARIN

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

	Fiscal Years Ending June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011 *	2010
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ -	\$ -
Restricted	755,114	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
Total General Fund	<u>\$ 755,114</u>	<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>
All Other Funds										
Nonspendable	\$ 24,140	\$ 29,111	\$ 21,444	\$ 21,444	\$ 40,496	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	45,490,334	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
Total Sales Tax Program	<u>\$ 45,514,474</u>	<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>

\* 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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>REVENUES</b>										
Sales Tax	\$ 29,398,854	\$ 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
Vehicle Registration Fee	2,417,118	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	1,914,194	139,632	122,475	682,270	164,964	203,298	47,466	77,333	153,834	298,846
Project and Program Revenues	8,081,927	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
<b>Total Revenues</b>	<b>41,812,093</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>EXPENDITURES</b>										
Congestion management - Current										
Administration	3,378,704	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
Professional Services	4,216,372	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
Measure A	21,849,187	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
Measure B	1,790,363	1,556,536	3,632,620	1,290,574	1,547,808	3,285,753	839,395	472,290	-	-
Interagency Agreements	4,175,122	5,855,948	4,526,973	4,902,359	1,541,444	596,806	220,459	104,484	2,902,000	-
Other Capital Expenditures	66,388	176,392	276,856	765,658	43,196	171,012	896,338	351,249	2,134,125	315,160
Debt Service										
Principal	-	-	-	953,854	1,865,628	1,810,894	1,757,765	1,706,195	1,727,091	1,785,714
Interest and Fiscal Charges	-	-	-	14,308	70,696	125,431	178,559	230,127	133,928	-
<b>Total Expenditures</b>	<b>35,476,136</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>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>6,335,957</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>NET CHANGE IN FUND BALANCES</b>	<b>6,335,957</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>Fund Balances - Beginning</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>31,264,017</b>	<b>30,547,224</b>	<b>30,083,426</b>
<b>Fund Balances - Ending</b>	<b>\$ 46,269,588</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>
Debt Service as a Percentage of Total Expenditures	0.00%	0.00%	0.00%	3.24%	7.68%	5.98%	7.41%	8.61%	6.88%	7.40%

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

Fiscal Year Ended June 30:	Sales Tax Rate	Sales Tax Revenue	Annual Growth	Total Taxable Sales in Marin County (in thousands)
2019	0.50%	\$ 29,398,854	6.87%	* \$ 5,383,720
2018	0.50%	27,507,852	6.80%	* 5,011,721
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

\* 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

Eecctive on	Apr-19	Apr-18	Apr-17	Apr-16	Apr-15	Apr-14	Apr-13	Apr-12	Apr-11	Apr-10
Belvedere	8.25%	8.25%	8.25%	8.50%	8.50%	8.50%	8.50%	8.00%	9.00%	9.00%
Corte Madera	9.00%	8.75%	8.75%	9.00%	9.00%	9.00%	8.50%	8.00%	9.00%	9.00%
Fairfax	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	8.50%	9.00%	9.00%
Larkspur	9.00%	9.00%	8.75%	9.00%	9.00%	9.00%	8.50%	8.00%	9.00%	9.00%
Mill Valley	8.25%	8.25%	8.25%	8.50%	8.50%	8.50%	8.50%	8.00%	9.00%	9.00%
Novato	8.50%	8.50%	8.50%	8.75%	9.00%	9.00%	9.00%	8.50%	9.50%	9.00%
Ross	8.25%	8.25%	8.25%	8.50%	8.50%	8.50%	8.50%	8.00%	9.00%	9.00%
San Anselmo	8.75%	8.75%	8.75%	9.00%	9.00%	9.00%	8.50%	8.00%	9.00%	9.00%
San Rafael	9.00%	9.00%	9.00%	9.25%	9.25%	9.25%	9.00%	8.50%	9.50%	9.50%
Sausalito	8.75%	8.75%	8.75%	9.00%	9.00%	8.50%	8.50%	8.00%	9.00%	9.00%
Tiburon	8.25%	8.25%	8.25%	8.50%	8.50%	8.50%	8.50%	8.00%	9.00%	9.00%
County-Unincorporat	8.25%	8.25%	8.25%	8.50%	8.50%	8.50%	8.50%	8.00%	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 June 30:</b>	<b>VRF Amount</b>	<b>VRF Revenue</b>	<b>Annual Growth</b>
2019	\$10	\$ 2,417,118	1.28%
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>
2018	247,820	0.16%
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%

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**

Principal Revenue Payers	Rank	2018*	
		Total Taxes in Marin County	Percentage of Total County Taxes
All Other Outlets	1	\$ 1,249,266	23.16%
Motor Vehicle and Parts Dealers	2	862,089	15.98%
Food Services and Drinking Places	3	644,257	11.94%
Other Retail Group	4	628,065	11.64%
Building Material and Garden Equipment and Supplies	5	420,184	7.79%
Gasoline Stations	6	380,097	7.05%
Clothing and Clothing Accessories Stores	7	345,342	6.40%
Food and Beverage Stores	8	329,463	6.11%
General Merchandise Stores	9	292,069	5.42%
Home Furnishings and Appliance Stores	10	242,732	4.50%
		<u>\$ 5,393,564</u>	<u>100.00%</u>

Principal Revenue Payers	Rank	2007*	
		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>

\* 2018 is the latest information 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%

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
2019	*	*	*	2.5%
2018	*	*	*	2.4%
2017	260,955	32,502,500	124,552	2.9%
2016	260,651	30,222,883	115,952	3.3%
2015	261,221	28,492,821	109,076	3.5%
2014	260,750	25,716,754	98,626	4.3%
2013	258,365	25,093,401	97,124	5.2%
2012	256,069	23,918,732	93,407	6.3%
2011	255,031	21,871,623	85,761	7.3%
2010	252,789	20,854,466	82,498	7.9%

\* Information not available.

Data Source: US Bureau of Economic Analysis.

## TRANSPORTATION AUTHORITY OF MARIN

**DEMOGRAPHIC AND ECONOMIC INFORMATION – PRINCIPAL EMPLOYERS  
CURRENT YEAR AND EIGHT YEARS PRIOR**

Employer	2017 <sup>1</sup>		
	Rank	Number of Employees	Percentage of Total County Employment
County of Marin	1	2,305	1.67%
Kaiser Permanente	2	2,092	1.52%
BioMarin Parmaceutical	3	1,700	1.23%
Marin General Hospital	4	1,602	1.16%
San Quentin State Prison	5	1,600	1.16%
Novato Unified School District	6	850	0.62%
Glassdoor	7	750	0.54%
San Rafael City Schools	8	700	0.51%
Marin County Office of Education	9	600	0.44%
Dominican University	10	319	0.23%
Subtotal		12,518	9.09%
<b>Total County Employment</b>		<b>137,700</b>	

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

Employer	2011 <sup>2</sup>		
	Rank	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 2018-19**

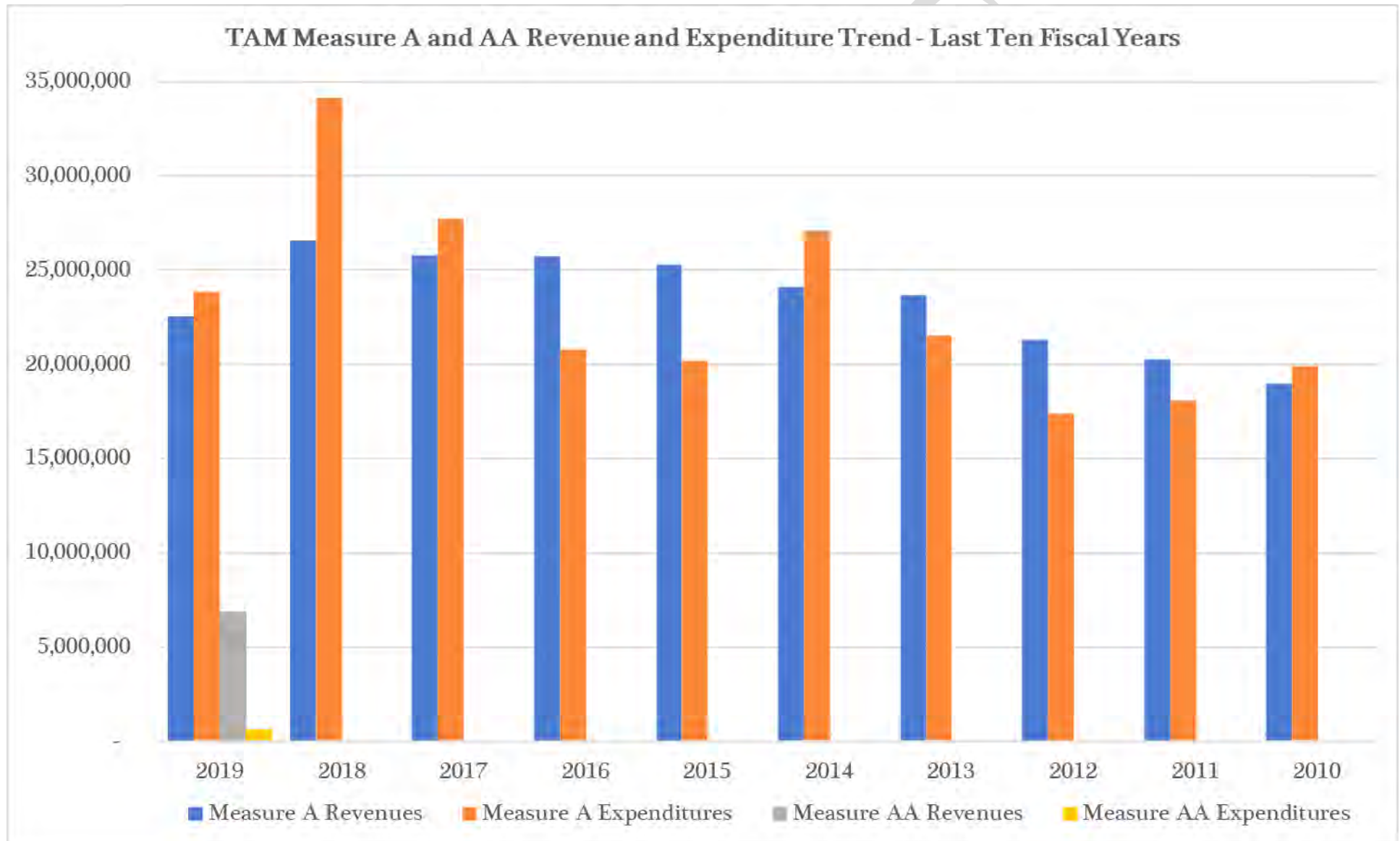

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<b>Function</b>	<b>Fiscal Year</b>	
	<b>Ending June 30,</b>	
	<b>2019</b>	<b>2018 *</b>
Capital Project	3.00	3.00
Executive	1.00	1.00
Finance and Administration	4.80	4.80
Planning	1.50	1.50
Policy and Programming	1.50	1.50
Public Outreach	1.00	1.00
<b>Total Employees</b>	<b>12.80</b>	<b>12.80</b>

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

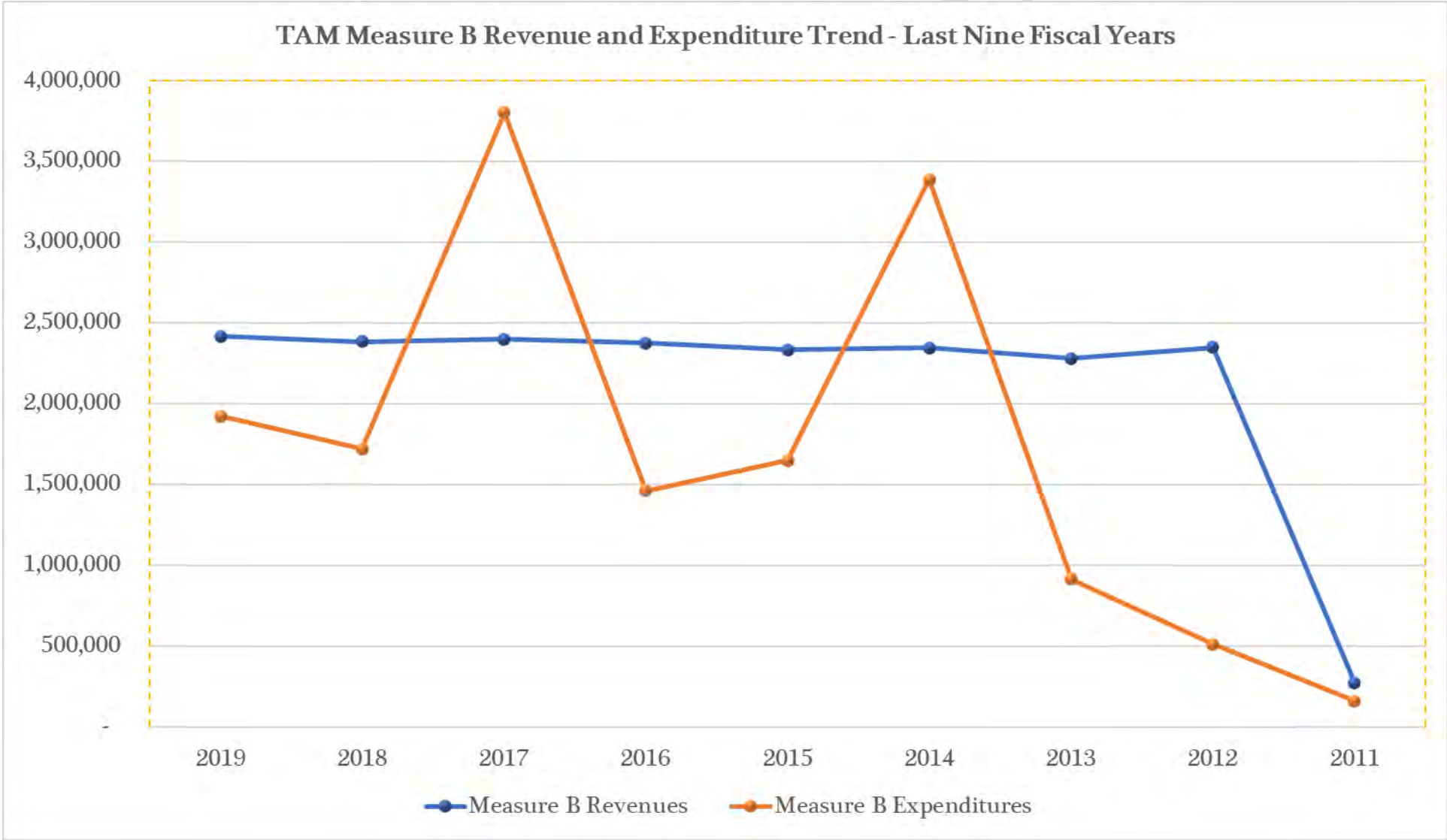
TRANSPORTATION AUTHORITY OF MARIN

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



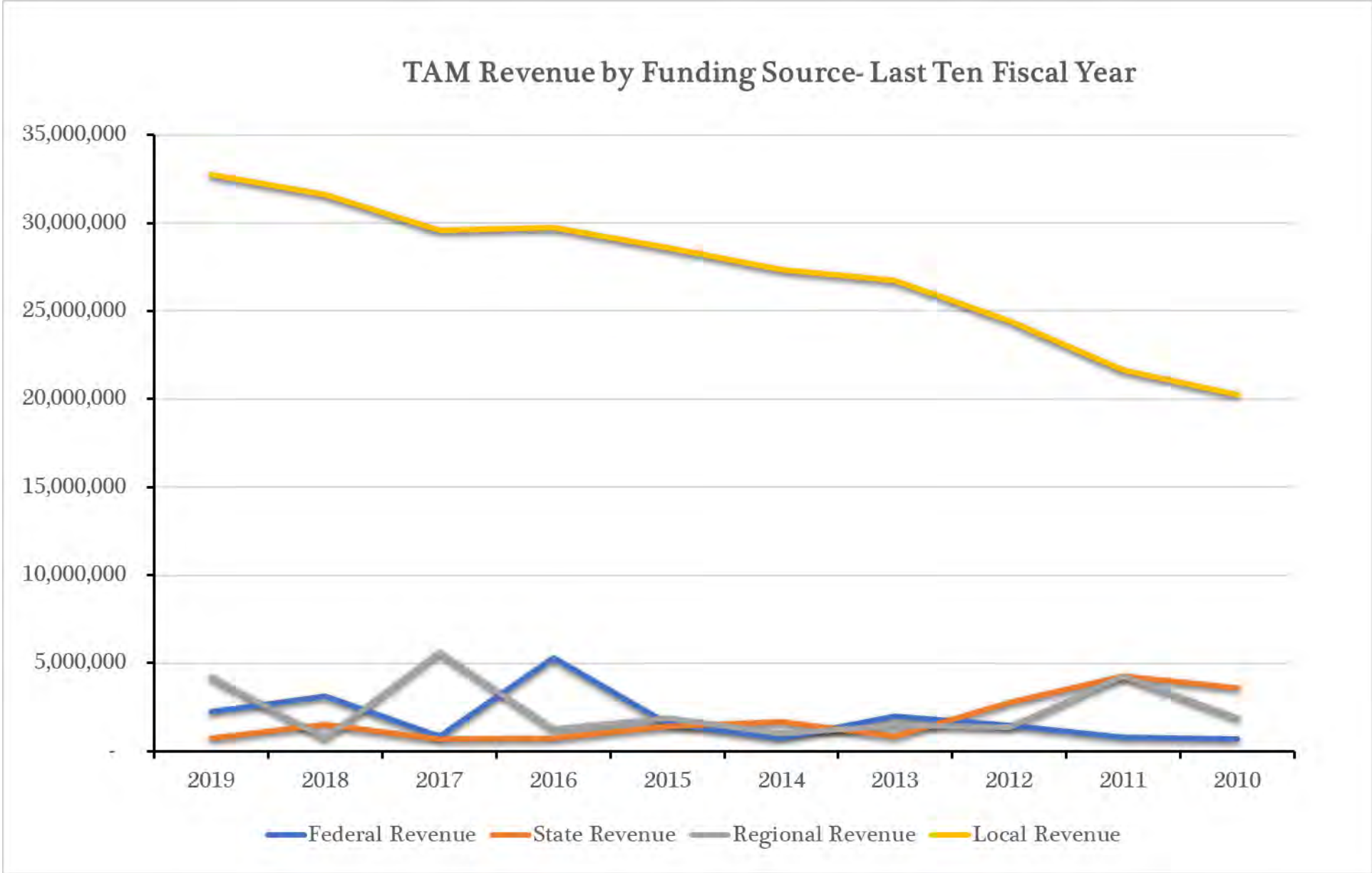
TRANSPORTATION AUTHORITY OF MARIN

OPERATING INFORMATION – 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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**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, 2019, and the related notes to the financial statements, which collectively comprise TAM's basic financial statements, and have issued our report thereon dated **December XX, 2019**

**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.

Palo Alto, California  
December XX, 2019



**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, 2019.

***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, 2019.

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.

Palo Alto, California  
December XX, 2019



**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, 2019. 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, 2019.

**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.

Palo Alto, California  
December XX, 2019

TRANSPORTATION AUTHORITY OF MARIN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Identifying Number	Total Federal Expenditures	Amount provided to subrecipients
U.S. DEPARTMENT OF TRANSPORTATION				
Highway Planning and Construction				
Passed through Metropolitan Transportation Commission				
STP/CMAQ Planning	20.205	CMA Planning Agreement FY2018-22	\$ 698,619	\$ -
Subtotal			<u>698,619</u>	<u>-</u>
Passed through California Department of Transportation				
Car Share Pilot Program	20.205	CML-6406(016)	24,010	-
Federal Surface Transportation Program	20.205	STPL-6406(022)	1,492,479	
Nonmotorized Transportation Pilot Program				
NTTP - Street Smarts	20.205	NMTPL-6406(015)	23,464	-
Subtotal			<u>1,539,953</u>	<u>-</u>
Total U.S. Department of Transportation/Highway Planning and Construction			<u>\$ 2,238,572</u>	<u>\$ -</u>

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, 2019**

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**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of TAM under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Example Entity, it is not intended to and does not present the financial position, changes in net assets, or cash flows of TAM.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3: INDIRECT COST RATE**

Example Entity has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4: 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, 2019

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**SUMMARY OF AUDITORS RESULTS**

*FINANCIAL STATEMENTS*

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

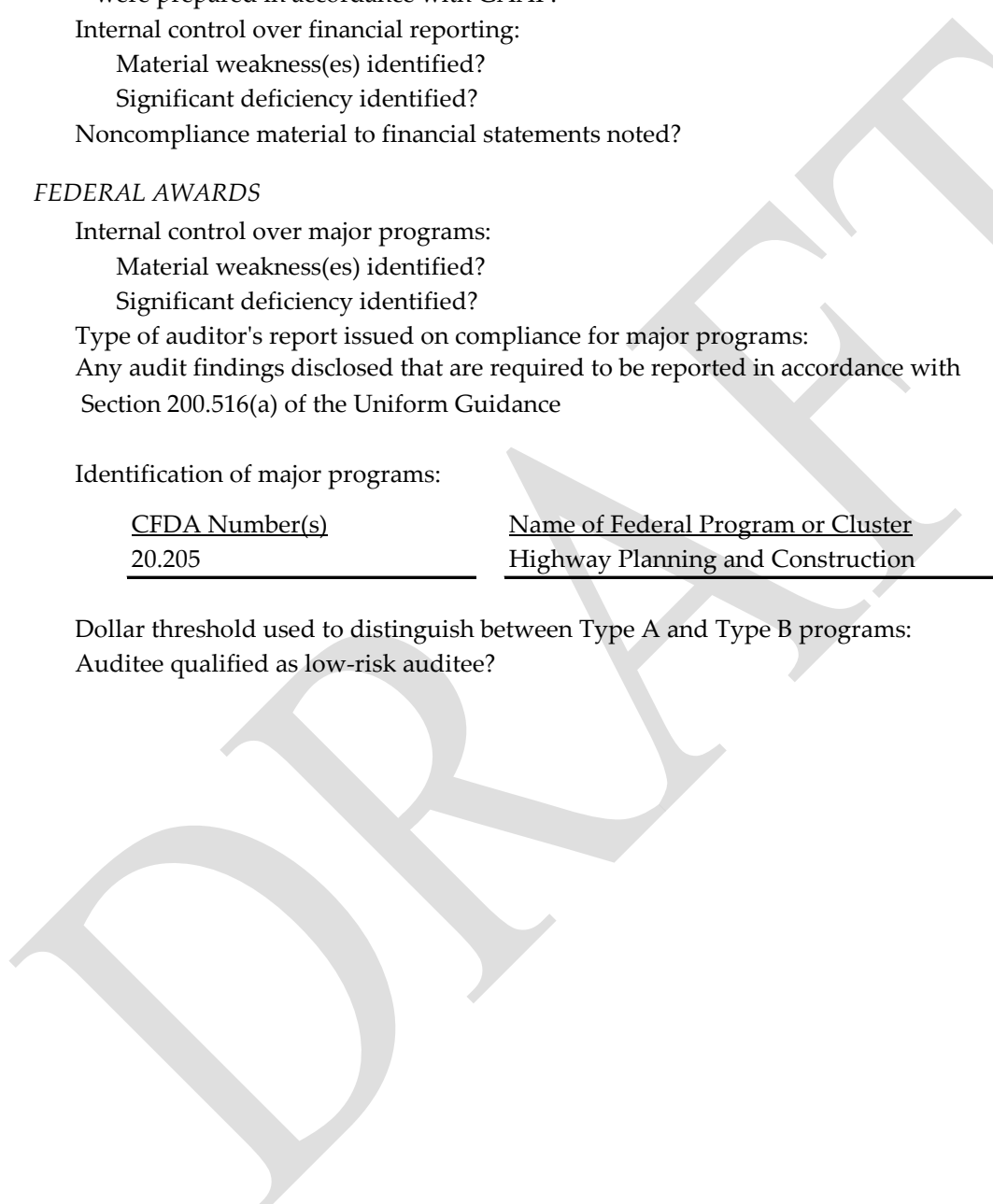
*FEDERAL AWARDS*

Internal control over major programs:	
Material weakness(es) 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, 2019**

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**FINANCIAL STATEMENT FINDINGS**

None reported.

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**TRANSPORTATION AUTHORITY OF MARIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2019**

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**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported.

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**TRANSPORTATION AUTHORITY OF MARIN**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2019**

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None reported.

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