

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

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INTRODUCTORY SECTION

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December 10, 2019

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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.

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.

TAM's 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 was 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 the renewed Measure AA continue to support all those important projects and programs under Measure A and 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 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 maintain local roads and pathways, funding transportation options for seniors and disabled persons; 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 the 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

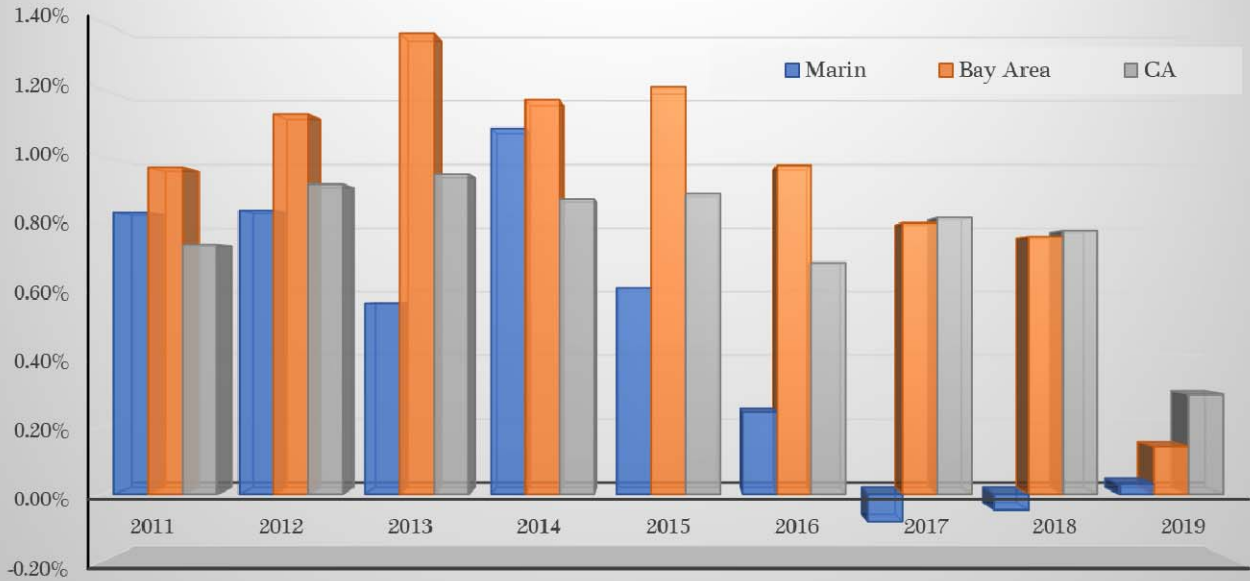
Major factors affecting the economy and sales tax revenues include population, personal income, and unemployment rate.

According to the data provided by the California Department of Finance, between 2010 and 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), also more than 35% higher than the Bay Area average (\$91,459).

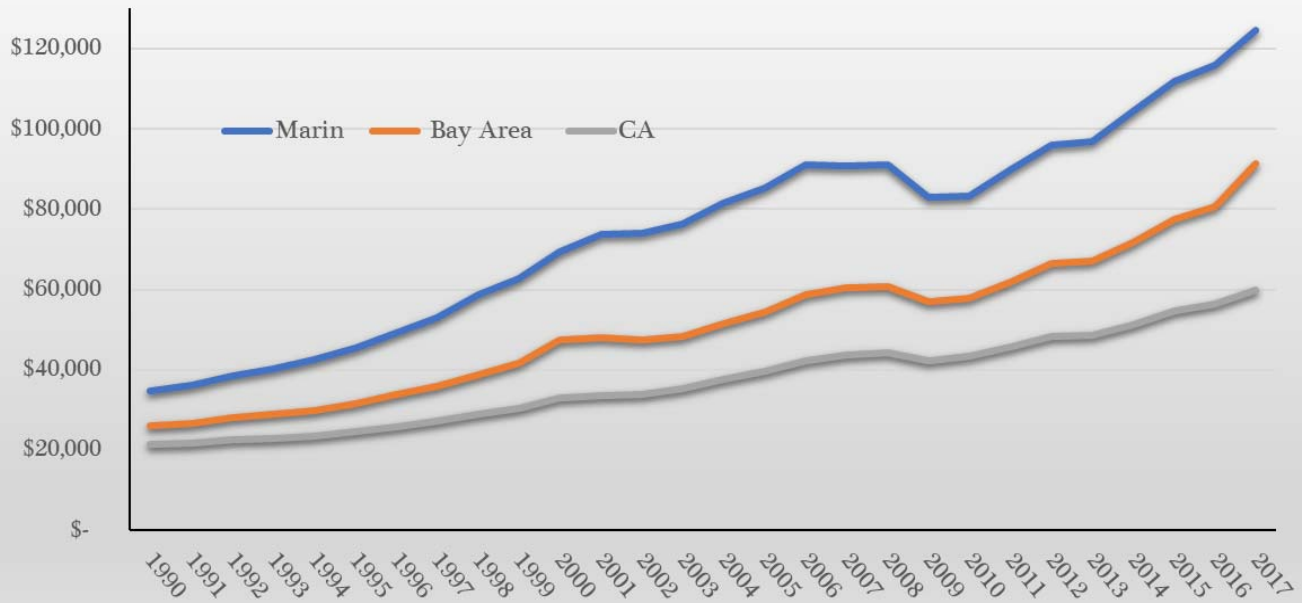
Marin has been enjoying one of the lowest unemployment rates in the nation for decades. As shown in "Chart 3: Unemployment Rate – Marin, Bay Area and California", the unemployment rate in Marin is much lower than the State and the Bay Area average. Marin's unemployment rate was 2.4 percent in August 2019, down from a revised 2.5 percent in July 2019. This compares with an unemployment rate of 4.2 percent for California and 3.7 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'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.

Chart 1: Annual Population Growth from 2010 to 2019
Marin, Bay Area and California



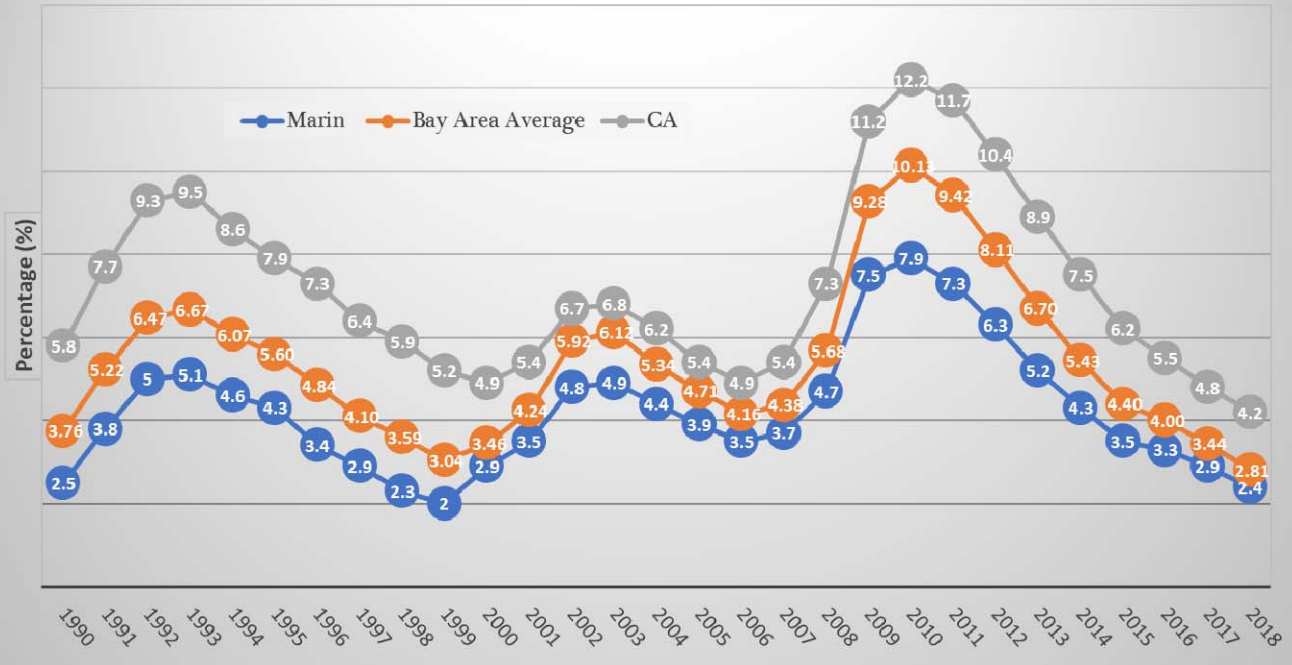
Data Source: State of California Department of Finance

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



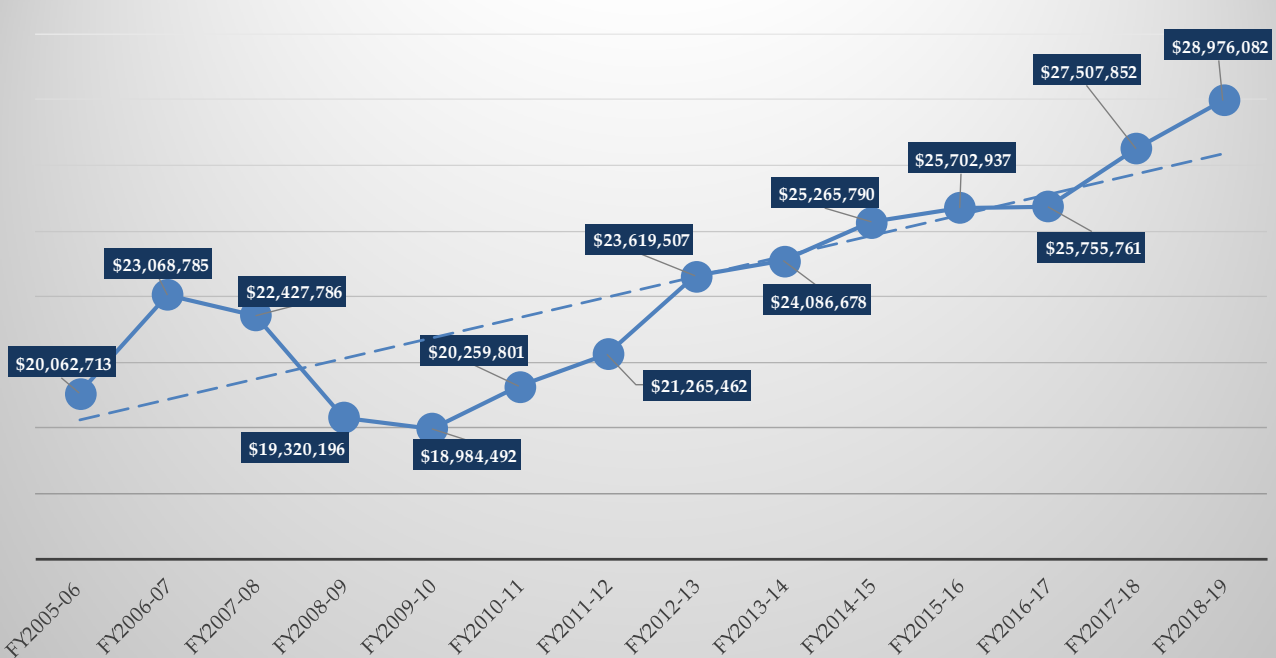
Data Source: U.S. Department of Commerce Bureau of Economic Analysis

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



Data Source: State of California Employment Development Department

Chart 4: Marin 1/2 Cent Sales Tax Revenue Trend FY2006 to FY2019



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 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 the Board 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 continue to 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 and 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 TAM's 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



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

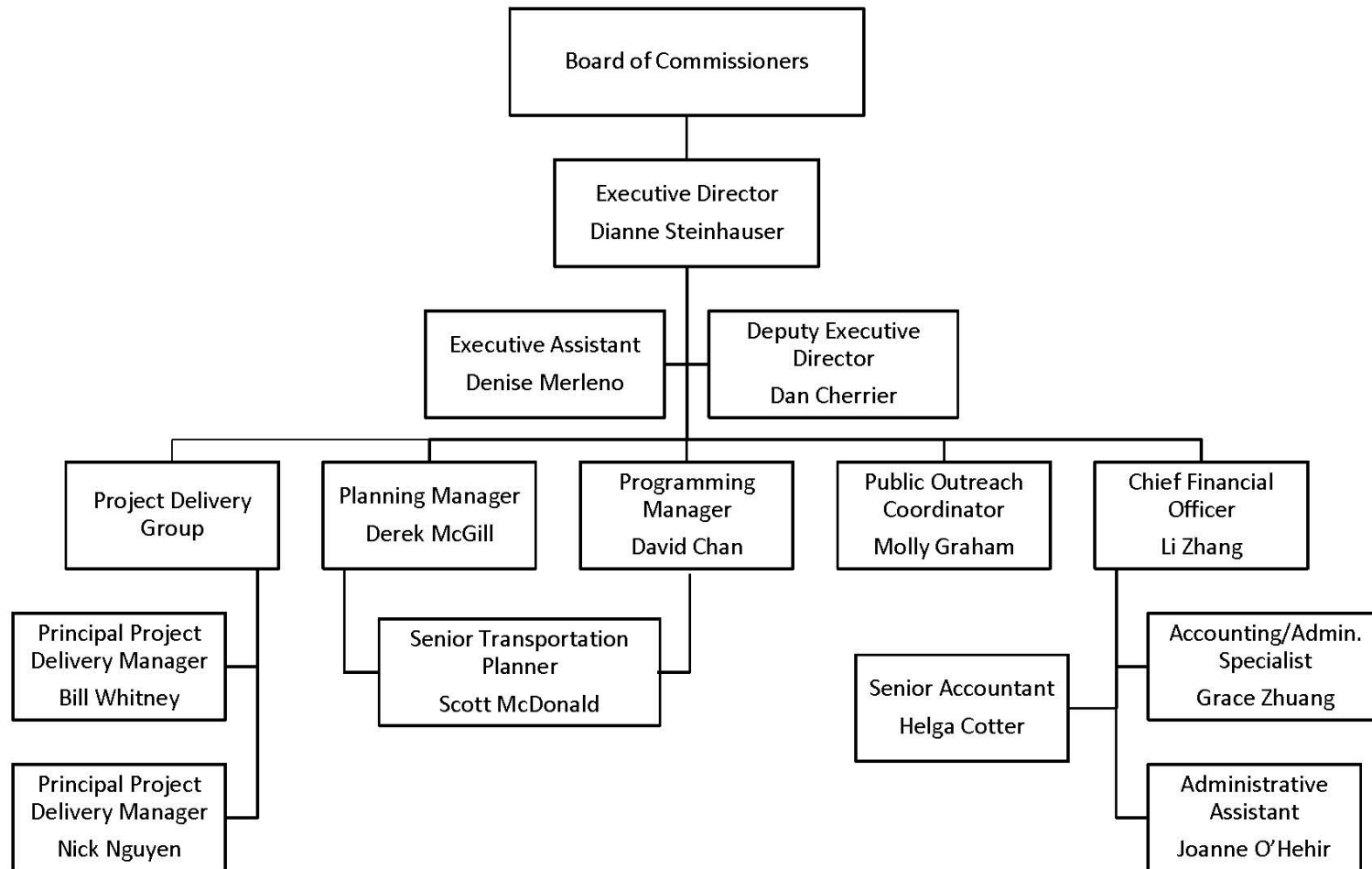
June 30, 2018

Christopher P. Morill

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

Judy Arnold/Chair
Alice Fredericks/Vice Chair
James Campbell
David Kunhardt
John Reed
Dan Hillmer
Stephanie Moulton-Peters
Eric Lucan
P. Beach Kuhl
Brian Colbert
Gary Phillips
Susan Cleveland-Knowles
Damon Connolly
Katie Rice
Kathrin Sears
Dennis Rodoni

County of Marin
Town of Tiburon
City of Belvedere
Town of Corte Madera
Town of Fairfax
City of Larkspur
City of Mill Valley
City of Novato
Town of Ross
Town of San Anselmo
City of San Rafael
City of Sausalito
County of Marin
County of Marin
County of Marin
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 December 10, 2019 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 the effectiveness of TAM's 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Palo Alto, California
December 10, 2019

TRANSPORTATION AUTHORITY OF MARIN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

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 \$41.39 million in revenues in FY2018-2019, of which \$28.98 million, or 70.01% 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 \$28.98 million Measure A/AA ½-Cent Transportation Sales Tax collection in FY2018-2019 is \$1.41 million, or 5.3% higher than the \$27.51 million collected in FY2017-2018. 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 VRF program, in FY2018-2019. 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 all its CMA related activities. As the CMA for Marin County, TAM collected about \$2.19 million from MTC in Congestion Management Planning & 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, and \$0.21 million in MSN & Irwin Creek Funding. TAM also received a total of \$0.05 million reimbursement from the Climate Initiatives Program and the Non-motorized Transportation Pilot Program (NTPP).

As of June 30, 2019, the 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 FY2018-2019 is \$1.91 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.

TRANSPORTATION AUTHORITY OF MARIN

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Total FY2018-2019 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 were \$1.92 million. The other \$9.05 million expenditures were for various CMA planning/programming activities and major capital projects, including all TFCA Fund related expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis (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 an overall long-term view of TAM's activities and includes the Statements of Net Position and Statement of Activities. The Statement of Net Position provides information about the financial position of TAM as a whole, including 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

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 five major governmental funds. The following is a discussion of the results of operations of each major fund during FY2018-2019.

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 FY2018-2019.

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

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 FY2018-2019 is \$0.42 million. The Fund spent \$0.09 million on such activities in FY2018-2019.

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. Revenue collection of Measure A stopped on March 31, 2019. A total of \$23.97 million in revenue was collected in FY2018-2019. 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 \$0.07 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. Revenue collection of Measure AA started on April 1, 2019. A total of \$6.47 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 \$5.83 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

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, including \$0.13 million for administration and \$1.79 million for various Measure B programs.

The Fund's fiscal year-end balance 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 \$46.59 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 \$46.59 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>
Assets			
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)
Total Assets	63,986,984	56,671,249	7,315,735
Deferred Outflows	853,479	304,621	548,858
Liabilities			
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)
Total Liabilities	18,235,719	17,256,175	979,544
Deferred Inflows	13,675	61,679	(48,004)
Net Position			
Restricted	46,591,069	39,658,016	6,933,053
Total Net Position	\$ 46,591,069	\$ 39,658,016	\$ 6,933,053

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 FY2018-2019 governmental revenues, came from program revenues and \$33.73 million, or 80.7%, came from general revenues such as Measure A and Measure AA ½-Cent Transportation Sales Taxes, Measure B \$10 VRF and investment earnings.

TRANSPORTATION AUTHORITY OF MARIN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

Measure A and Measure AA ½-Cent Transportation Sales Tax revenues are the largest funding source for TAM at \$29.40 million and represent about 70.3% of TAM's FY2018-2019 revenues. All Measure A and Measure AA ½-Cent Transportation Sales Tax revenues are spent under the guidelines of the Expenditure Plans approved by Marin County voters in November 2004 and 2018. Measure B \$10 VRF revenue is another voter approved dedicated transportation fund source for Marin County with a total collection of \$2.42 million in FY2018-2019. Investment earnings are also part of the general revenues, including interest earned during the year and unrealized gains.

Table 2
Condensed Statement of Activities

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change</u>
Revenues			
Program Revenue:			
Operating Grants and Contributions	\$ 8,081,927	\$ 6,329,413	\$ 1,752,514
Total Program Revenues	8,081,927	6,329,413	1,752,514
General Revenue:			
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
Total General Revenues	33,730,166	29,067,517	4,662,649
Expenses			
Administration	2,781,607	3,334,511	(552,904)
Professional Services	4,216,373	2,803,406	1,412,967
Program/Project	23,888,909	30,401,537	(6,512,628)
Interagency Agreement	3,992,151	5,855,948	(1,863,797)
Total Expenses	34,879,040	42,395,402	(7,516,362)
Changes in Net Position	6,933,053	(6,998,472)	13,931,525
Net Position - Beginning	39,658,016	46,656,488	(6,998,472)
Net Position - Ending	\$ 46,591,069	\$ 39,658,016	\$ 6,933,053

Program revenues include Operating Grants and Contributions and sometimes Capital Grants and Contributions. Cities/towns and County fees 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), and various small grants. TAM's total Operating Grants and Contributions for FY2018-2019 is \$8.08 million.

TRANSPORTATION AUTHORITY OF MARIN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

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.

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, and the controversy over the regional RM3 funding can be resolved in the near future. Steady revenue sources will help the financial picture of transportation projects and programs in Marin. 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 delays in project delivery schedules for various reasons, TAM was able to ensure adequate cash for the needs of all projects/programs in FY2018-2019. 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 CAFR 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

	Governmental Activities
ASSETS:	
Cash and Investments	\$ 53,113,005
Sales Tax Receivable	5,432,078
Accounts Receivable	5,417,761
Prepaid Items	24,140
Total Assets	63,986,984
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Outflows From Pension Activities	853,479
LIABILITIES:	
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
Total Liabilities	18,235,719
DEFERRED INFLOWS OF RESOURCES:	
Deferred Inflows From Pension Activities	13,675
NET POSITION:	
Restricted for:	
TFCA	1,621,585
Measure A Sales Tax	33,739,210
Measure AA Sales Tax	6,249,615
Measure B VRF	3,869,294
Congestion Management	1,111,365
Total Net Position	\$ 46,591,069

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	Net (Expense)
		Revenues	
		Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities:			
Congestion Management:			
Administration	\$ 2,781,607	\$ 1,756,872	\$ (1,024,735)
Professional Services	4,216,373	3,305,769	(910,604)
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	2,654,749	(1,337,402)
Total Governmental Activities	\$ 34,879,040	\$ 8,081,927	(26,797,113)
General Revenues:			
	Measure A Sales Tax Revenue		22,529,582
	Measure AA Sales Tax Revenue		6,869,272
	Measure B Vehicle Registration Fee Revenue		2,417,118
	Investment Earnings		1,914,194
	Total, General Revenues		33,730,166
	Change in Net Position		6,933,053
	Net Position - Beginning		39,658,016
	Net Position - Ending		\$ 46,591,069

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

TRANSPORTATION AUTHORITY OF MARIN

BALANCE SHEET- GOVERNMENTAL FUNDS

JUNE 30, 2019

	General Fund	TFCA Fund	Measure A Sales Tax Fund	Measure AA Sales Tax Fund	Measure B VRF Fund	Total Governmental Funds
ASSETS:						
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
Total Assets	\$ 10,381,123	\$ 1,689,076	\$ 40,212,477	\$ 6,900,849	\$ 4,803,459	\$ 63,986,984
LIABILITIES AND FUND BALANCES:						
Liabilities:						
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
Total Liabilities	9,626,009	66,813	6,442,691	651,234	930,649	17,717,396
Deferred Inflows of Resources:						
Unavailable Revenues	-	-	-	422,772	-	422,772
Fund Balances:						
Nonspendable	-	-	24,140	-	-	24,140
Restricted for:						
TFCA	-	1,622,263	-	-	-	1,622,263
Measure A Sales Tax	-	-	33,745,646	-	-	33,745,646
Measure AA Sales Tax	-	-	-	5,826,843	-	5,826,843
Measure B VRF	-	-	-	-	3,872,810	3,872,810
Congestion Management	755,114	-	-	-	-	755,114
Total Fund Balances	755,114	1,622,263	33,769,786	5,826,843	3,872,810	45,846,816
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,381,123	\$ 1,689,076	\$ 40,212,477	\$ 6,900,849	\$ 4,803,459	\$ 63,986,984

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

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

Total Fund Balances of Governmental Funds	\$	45,846,816
Revenues collected outside the measurement period of the Governmental Funds are deferred on the Balance Sheet. However, these revenues are considered to be earned on the Statement of Activities.	\$	422,772
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.		506,216
Total Net Position - Governmental Activities	\$	<u>46,591,069</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	TFCA Fund	Measure A Sales Tax Fund	Measure AA Sales Tax Fund	Measure B VRF Fund	Governmental Funds
REVENUES						
Measure A Sales Tax Revenue	\$ -	\$ -	\$ 22,529,582	\$ -	\$ -	\$ 22,529,582
Measure AA Sales Tax Revenue	-	-	-	6,446,500	-	6,446,500
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	2,191,098	-	-	-	-	2,191,098
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 Climate Initiatives Program Grant/CMAQ	24,010	-	-	-	-	24,010
Non-motorized Transportation Pilot Program	23,464	-	-	-	-	23,464
Total Revenues	7,945,366	421,544	23,974,863	6,479,870	2,567,678	41,389,321
EXPENDITURES						
Congestion Management - Current:						
Administration	1,734,051	22,821	1,488,964	92	132,775	3,378,703
Professional Services	3,305,769	-	440,640	469,964	-	4,216,373
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
Total Expenditures	8,960,310	89,209	23,850,452	653,027	1,923,138	35,476,136
Net Change in Fund Balances	(1,014,944)	332,335	124,411	5,826,843	644,540	5,913,185
Fund Balance - Beginning	1,770,058	1,289,928	33,645,375	-	3,228,270	39,933,631
Fund Balance - Ending	\$ 755,114	\$ 1,622,263	\$ 33,769,786	\$ 5,826,843	\$ 3,872,810	\$ 45,846,816

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

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

Net Change in Fund Balances	\$ 5,913,185
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Governmental funds defer certain revenues that are not recognized with the TAM's accrual period such as sales tax. On the Statement of Activities, however, the amounts are considered to be earned and are recognized as revenues in the current period.	422,772
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Pension expenses due to the changes in net pension liability and related deferrals are not recognized in governmental funds because they do not require the use of current resources and therefore are not reported as expenditures.	606,277
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The change in compensated absences included in the Statement of Activities does not provide or (require) the use of current financial resources and therefore is not reported as an expenditure in governmental funds.	(9,181)
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Change in Net Position of Governmental Activities	<u><u>\$ 6,933,053</u></u>
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The accompanying notes are an integral part of the financial statements.

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Notes to Basic Financial Statements

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TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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.

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. Collection of Measure A revenue ended on March 31, 2019.

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.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Accounting and Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place. Grants and similar items are recognized as revenues as soon as the eligibility requirements imposed by the provider have been met.

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.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

Investment Valuations

Investments are reported at fair market value for investments with quoted market prices. Investments in government pools are reported at net asset value (NAV). All investment income, including changes in fair market value of investments is reported as revenue in the statements of revenues, expenditures, and changes in fund balance.

New Accounting Principles

The GASB has issued the following accounting pronouncements that will become effective in future fiscal years:

- GASB Statement No. 84, *Fiduciary Activities*
- GASB Statement No. 87, *Leases*
- GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*
- GASB Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 60*

TAM has not determined the effect of these pronouncements.

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	<u>\$ 53,113,005</u>

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

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

Investment Type	Maximum Remaining Maturity	Maximum Specified % Of Portfolio	Minimum Quality Requirements
Local Agency Bonds	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
State Obligations: CA and Others	5 Years	None	None
CA Local Agency Obligations	5 Years	None	None
U.S. Agency Obligations	5 Years	None	None
Bankers' Acceptances	180 days	40%	None
Commercial Paper: Non-pooled Funds	270 days or less	25% of the agency's money	Highest letter and number rating by an NRSRO
Commercial Paper: Pooled Funds	270 days or less	40% of the agency's money	Highest letter and number rating by an NRSRO
Negotiable Certificates of Deposit	5 Years	30%	None
Non-negotiable Certificates of Deposit	5 Years	None	None
Placement Service Deposits	5 Years	30%	None
Placement Service Certificates of Deposit	5 Years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	20% of the base value of the portfolio	None
Medium-term Notes	5 years or less	30%	"A" rating category or its equivalent or better
Mutual Funds and Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-through and Asset Backed Securities	5 years or less	20%	"A" rating category or its equivalent or better
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years or less	30%	"A" rating category or its equivalent or better

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 2 – CASH AND INVESTMENTS – CONTINUED

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 CalTRUST's portfolios is prohibited.

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

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 2 – CASH AND INVESTMENTS – CONTINUED

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

As of June 30, 2019, TAM's deposits are with the Bank of Marin, a regional bank operating in the San Francisco Bay Area. The total amount deposited with Bank of Marin is \$3,973,259. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining balance was collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code described above.

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.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 2 – CASH AND INVESTMENTS – CONTINUED

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.

As of June 30, 2019, all investments are held with the CalTRUST Joint Powers Authority Pool and are valued at NAV and are not required to be leveled in the fair value hierarchy.

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>

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.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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

TAM mitigates its exposure to loss through purchase of private insurance. TAM has no incidents therefore no claims in the past 10 years.

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

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 \$156,188. An additional nonrecurring contribution to the plan of \$393,896 was to the unfunded actuarial liability.

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, 2018, 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
Post Retirement Benefit	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies,
Increase	2.50% thereafter

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	\$ 156,188	\$ -
Lump sum payment to reduce the unfunded actuarial liability subsequent to measurement date	393,896	
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>\$ 853,479</u>	<u>\$ (13,675)</u>

Reported as deferred outflows of resources related to contributions subsequent to the measurement date is \$550,646 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+ 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%
	<u>100.0%</u>		

(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

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:

	1% Decrease	Current Discount Rate	1% Increase
	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

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
REVENUES				
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)
Total Revenues	9,743,286	9,743,286	7,917,643	(1,825,643)
EXPENDITURES				
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

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
EXPENDITURES - continued				
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

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final Variances
EXPENDITURES - continued				
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 Suport	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	-
Total Expenditures	10,136,100	11,860,216	8,960,311	2,899,905
Excess of Revenues Over (Under)				
Expenditures	(392,814)	(2,116,930)	(1,042,668)	1,074,262
Fund Balance - Beginning	1,770,058	1,770,058	1,770,058	-
Fund Balance - Ending - Budgetary Basis	\$ 1,377,244	\$ (346,872)		\$ 1,074,262
Reconciling Items				
Prior Year Adjustment - Revenue Prior FY Adj for STIP PPM			(56,540)	
GASB 31 - fair market value adjustment on investments			84,264	
Fund Balance - Ending - GAAP Basis			\$ 755,114	

See accompanying note to required supplementary information.

TRANSPORTATION AUTHORITY OF MARIN

TFCA FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCE – BUDGET AND ACTUAL

JUNE 30, 2019

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
REVENUES				
Interest Revenue	\$ 25,000	\$ 25,000	\$ 30,481	\$ 5,481
Transportation For Clean Air Funding	360,000	360,000	364,537	4,537
Total Revenues	385,000	385,000	395,018	10,018
EXPENDITURES				
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
Total Expenditures	414,765	414,765	89,209	325,556
Excess of Revenues Over (Under)				
Expenditures	(29,765)	(29,765)	305,809	335,574
Fund Balance - Beginning	1,289,928	1,289,928	1,289,928	-
Fund Balance - Ending - Budgetary Basis	\$ 1,260,163	\$ 1,260,163		\$ 335,574
Reconciling Item				
GASB 31 - fair market value adjustment on investments			26,526	
Fund Balance - Ending - GAAP Basis			\$ 1,622,263	

See accompanying note to required supplementary information.

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TRANSPORTATION AUTHORITY OF MARIN

MEASURE A SALES TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCE – BUDGET AND ACTUAL

JUNE 30, 2019

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
REVENUES				
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
Total Revenues	27,240,000	20,505,000	23,346,514	2,841,514
EXPENDITURES				
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 & ROW	350,000	173,472	58,420	115,052
580/101 Direct Connector Project Support	150,000	-	-	-
Project Management Oversight	170,000	318,000	74,948	243,052
Financial Advisor Services/Sales Tax Audit 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 – CONTINUED

JUNE 30, 2019

	Budgeted Amounts		Actual	Variances - Positive (Negative) Final to Actual
	Original	Final		
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
Substrategy 1.1 - Local Bus Transit Service	10,400,000	10,400,000	10,083,681	316,319
Substrategy 1.2 - Rural Bus Transit System	990,000	923,549	923,549	-
Substrategy 1.3 - Special Needs Transit Services	2,721,751	2,605,231	2,269,798	335,433
Substrategy 1.4 - Bus Transit Facilities	3,950,000	3,950,000	783,571	3,166,429
Hwy 101 Gap Closure - STP/SLPP Swap Projects	400,000	400,000	484,000	(84,000)
Substrategy 3.1 - Major Roads	2,250,000	2,250,000	1,341,410	908,590
Substrategy 3.2 - Local Roads	3,301,611	3,301,611	3,267,612	33,999
Substrategy 4.1 - Safe Routes to Schools	823,000	823,000	692,086	130,914
Substrategy 4.2 - Crossing Guards Services	1,070,000	1,530,000	1,261,071	268,929
Substrategy 4.3 - Safe Pathways Plan Development	100,000	100,000	100,000	-
Substrategy 4.3 - Safe Pathway 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
Total Expenditures	32,875,692	32,636,693	23,850,452	8,786,241
Excess of Revenues Over (Under)				
Expenditures	(5,635,692)	(12,131,693)	(503,938)	11,627,755
Fund Balance - Beginning	33,645,375	33,645,375	33,645,375	-
Fund Balance - Ending - Budgetary Basis	\$ 28,009,683	\$ 21,513,682		\$ 11,627,755
Reconciling Item				
GASB 31 - fair market value adjustment on investments			628,349	
Fund Balance - Ending - GAAP Basis			\$ 33,769,786	

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

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
REVENUES				
Measure AA Sales Tax Revenue	\$ -	6,735,000	\$ 6,446,500	\$ 288,500
Interest Revenue	-	-	3,151	(3,151)
Total Revenues	-	6,735,000	6,449,651	285,349
EXPENDITURES				
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	-
Total Expenditures	-	652,999	653,027	(28)
Excess of Revenues Over (Under)				
Expenditures	-	6,082,001	5,796,624	-
Fund Balance - Beginning	-		-	-
Fund Balance - Ending - Budgetary Basis	\$ -	6,082,001	-	\$ -
Reconciling Item				
GASB 31 - fair market value adjustment on investments			30,219	
Fund Balance - Ending - GAAP Basis			\$ 5,826,843	

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

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
REVENUES				
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
Total Revenues	2,450,000	2,450,000	2,498,524	48,524
EXPENDITURES				
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	-	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
Total Expenditures	2,456,078	2,521,078	2,055,151	465,927
Excess of Revenues Over (Under)				
Expenditures	(6,078)	(71,078)	443,373	514,451
Fund Balance - Beginning	3,228,270	3,228,270	3,228,270	-
Fund Balance - Ending - Budgetary Basis	\$ 3,222,192	\$ 3,157,192		\$ 514,451
Reconciling Item				
Prior Year Expenditure Adjustment			132,013	
GASB 31 - fair market value adjustment on investments			69,154	
Fund Balance - Ending - GAAP Basis			\$ 3,872,810	

See accompanying note to required supplementary information.

TRANSPORTATION AUTHORITY OF MARIN

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

	2019	2018 *
Proportion of the net pension liability	0.008852%	0.01359%
Proportionate share of the net pension liability	\$ 333,588	\$ 343,003
Covered payroll	\$ 1,640,908	\$ 1,255,694
Proportionate share of the net pension liability as a percentage of covered payroll	20.33%	27.32%
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 becomes available.

See accompanying note to required supplementary information.

TRANSPORTATION AUTHORITY OF MARIN

SCHEDULE OF PENSION CONTRIBUTIONS

JUNE 30, 2019

	2019	2018 *
Actuarially determined contributions	\$ 550,084	\$ 115,695
Contributions in relation to the actuarially determined	(550,084)	(115,695)
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	1,779,778	1,640,908
Contributions as a percentage of covered payroll	30.91%	7.05%

* 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 becomes available.

See accompanying note to required supplementary information.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2019

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.

STATISTICAL SECTION

STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

TRANSPORTATION AUTHORITY OF MARIN

FINANCIAL TRENDS – NET POSITION BY COMPONENT LAST TEN FISCAL YEARS

	Fiscal Years Ending June 30									
	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	1,111,365	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	1,621,585	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	33,739,210	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	3,869,294	3,211,734	2,548,561	3,938,953	2,983,990	2,290,173	3,321,096	1,951,361	113,386	-
Total Governmental										
Activities Net Position	<u>\$ 46,591,069</u>	<u>\$ 39,658,016</u>	<u>\$ 46,656,488</u>	<u>\$ 49,729,228</u>	<u>\$ 42,341,924</u>	<u>\$ 33,619,161</u>	<u>\$ 35,260,672</u>	<u>\$ 30,525,381</u>	<u>\$ 24,574,587</u>	<u>\$ 20,735,612</u>

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	\$ 34,879,040	\$ 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	-
Total Expenses	<u>34,879,040</u>	<u>42,395,402</u>	<u>39,766,538</u>	<u>29,905,547</u>	<u>25,278,467</u>	<u>32,504,195</u>	<u>26,304,583</u>	<u>22,720,034</u>	<u>27,181,554</u>	<u>24,128,531</u>
REVENUES										
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
Total Revenues	<u>8,081,927</u>	<u>6,329,413</u>	<u>8,024,309</u>	<u>8,535,259</u>	<u>5,657,885</u>	<u>4,225,369</u>	<u>5,092,646</u>	<u>6,380,109</u>	<u>10,333,580</u>	<u>7,089,796</u>
Net (Expense)/Revenue	<u>(26,797,113)</u>	<u>(36,065,989)</u>	<u>(31,742,229)</u>	<u>(21,370,288)</u>	<u>(19,620,582)</u>	<u>(28,278,826)</u>	<u>(21,211,937)</u>	<u>(16,339,925)</u>	<u>(16,847,974)</u>	<u>(17,038,735)</u>
GENERAL REVENUES										
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
Total General Revenues	<u>33,730,166</u>	<u>29,067,517</u>	<u>28,669,489</u>	<u>28,757,591</u>	<u>28,343,345</u>	<u>26,637,315</u>	<u>25,947,228</u>	<u>23,690,719</u>	<u>20,686,949</u>	<u>19,283,338</u>
Governmental Activities Change in Net Position	<u>\$ 6,933,053</u>	<u>\$ (6,998,472)</u>	<u>\$ (3,072,740)</u>	<u>\$ 7,387,303</u>	<u>\$ 8,722,763</u>	<u>\$ (1,641,511)</u>	<u>\$ 4,735,291</u>	<u>\$ 7,350,794</u>	<u>\$ 3,838,975</u>	<u>\$ 2,244,603</u>

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	45,067,562	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>\$ 45,091,702</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
REVENUES										
Sales Tax	\$ 28,976,082	\$ 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
Total Revenues	41,389,321	36,363,383	36,302,186	37,296,958	33,422,281	30,862,684	31,039,874	30,070,828	31,020,529	26,373,134
EXPENDITURES										
Congestion management - Current										
Administration	3,378,703	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	4,216,373	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 AA	182,971	-	-	-	-	-	-	-	-	-
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	3,992,151	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	-
Total Expenditures	35,476,136	42,119,787	39,766,538	30,859,402	27,144,095	34,315,089	28,062,349	24,421,320	28,903,736	25,909,336
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	5,913,185	(5,756,404)	(3,464,352)	6,437,556	6,278,186	(3,452,405)	2,977,525	5,649,508	2,116,793	463,798
NET CHANGE IN FUND BALANCES										
Fund Balances - Beginning	39,933,631	45,690,035	49,154,387	42,716,831	36,438,645	39,891,050	36,913,525	31,264,017	30,547,224	30,083,426
Fund Balances - Ending	\$ 45,846,816	\$ 39,933,631	\$ 45,690,035	\$ 49,154,387	\$ 42,716,831	\$ 36,438,645	\$ 39,891,050	\$ 36,913,525	\$ 32,664,017	\$ 30,547,224
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 Expenditures are for TFCA projects and program funding contributions and 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%	\$ 28,976,082	5.34%	*	\$ 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 BY JURISDICTION LAST TEN FISCAL YEARS

Effective 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-Unincorporated	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 NINE FISCAL YEARS

Fiscal Year Ended June 30:	VRF Amount	VRF Revenue	Annual Growth
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.

Calendar Year	Registered Vehicles	Change
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

2018*			
Principal Revenue Payers	Rank	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>
2007*			
Principal Revenue Payers	Rank	Total Taxes in Marin County	Percentage of Taxable Sales
All Other Outlets	1	\$ 911,226	20.72%
Automotive Group	2	608,934	13.85%
Other Retail Stores	3	585,804	13.32%
General Merchandise Group	4	460,821	10.48%
Eating and Drinking Group	5	435,046	9.89%
Building Materials	6	329,500	7.49%
Service Stations	7	308,446	7.01%
Food Stores Group	8	209,609	4.77%
Home Furnishings and Appliances	9	199,860	4.55%
Business and Personal Services	10	184,488	4.20%
Apparel Stores Group	11	163,447	3.72%
		<u>\$ 4,397,181</u>	<u>100.00%</u>

* 2018 is the latest information available. 2008 information not available.

Data Source: California Department of Tax and Fee Administration.

TRANSPORTATION AUTHORITY OF MARIN

DEBT CAPACITY – RATIOS OF OUTSTANDING DEBT LAST TEN FISCAL YEARS

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

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 YEAR ONE AND TEN

Employer	Rank	2017 ¹	
		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%
Total County Employment		137,700	

¹ Most recent information available.

Employer	Rank	2011 ²	
		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%
Total County Employment		130,400	

² 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

Function	Fiscal Year	
	Ending June 30,	
	2019	2018 *
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
Total Employees	12.80	12.80

* TAM had no directly hired employees prior to 2018.

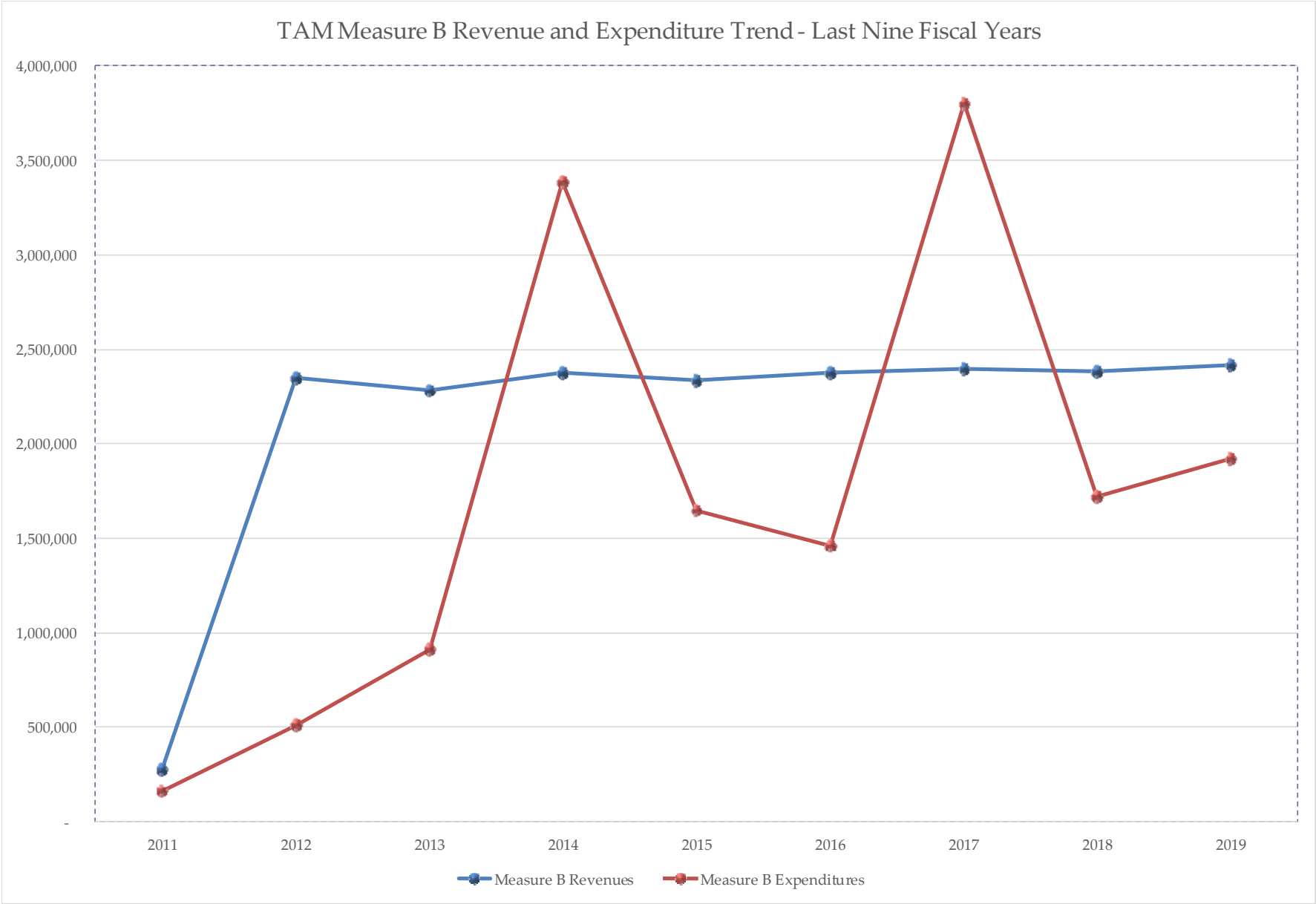
TRANSPORTATION AUTHORITY OF MARIN

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



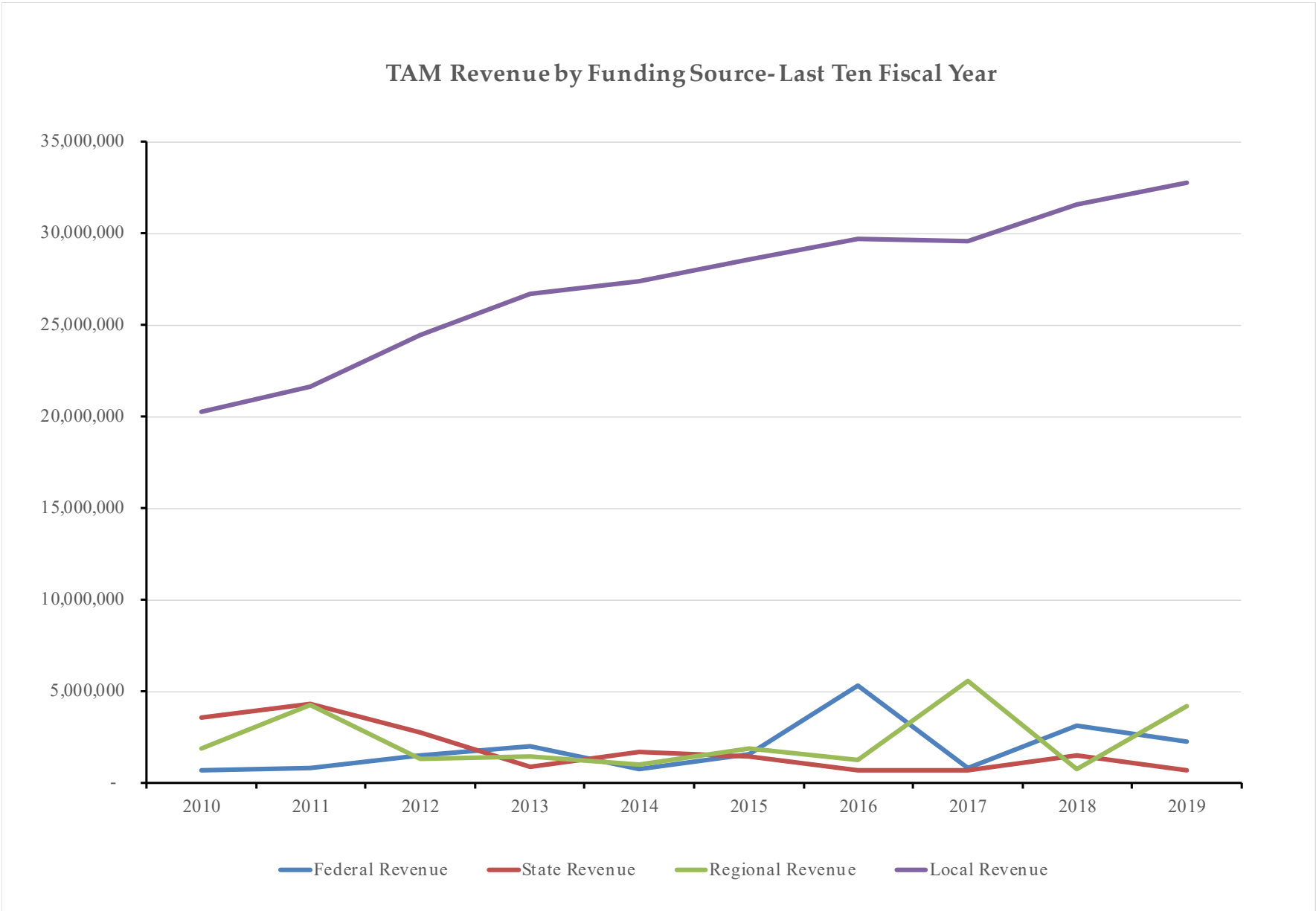
TRANSPORTATION AUTHORITY OF MARIN

OPERATING INFORMATION – MEASURE B ANNUAL REVENUE AND EXPENDITURES
LAST NINE 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 10, 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Palo Alto, California
December 10, 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Palo Alto, California
December 10, 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.

The signature is written in a cursive, handwritten style. It reads "Eide Bailly LLP".

Palo Alto, California
December 10, 2019

TRANSPORTATION AUTHORITY OF MARIN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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			698,619	-
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			1,539,953	-
Total U.S. Department of Transportation/Highway Planning and Construction			\$ 2,238,572	\$ -

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

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

TAM 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

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**

FINANCIAL STATEMENT FINDINGS

None reported.

TRANSPORTATION AUTHORITY OF MARIN

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

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

TRANSPORTATION AUTHORITY OF MARIN

SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2019

None reported.