

FY2021-22

TRANSPORTATION AUTHORITY OF MARIN

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED ON JUNE 30, 2022

SAN RAFAEL, CA



Transportation Authority of Marin

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

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 15, 2022

The Board of Commissioners
Transportation Authority of Marin

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Transportation Authority of Marin (TAM) for the fiscal year ended June 30, 2022. The financial statements are presented in conformity with generally accepted accounting principles and were audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

Both the Measure A/Measure AA ½-Cent Transportation Sales Tax and the Measure B \$10 Vehicle Registration Fee Expenditure Plans require an annual audit of TAM's financial statements. This report is published to fulfill the requirement for the fiscal year ended June 30, 2022.

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, Certified Public Accountants (CPAs), have issued an unmodified ("clean") opinion on TAM's financial statements for the year ended June 30, 2022. 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.

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County of Marin
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Katie Rice
Stephanie Moulton-Peters
Dennis Rodoni
Judy Arnold

PROFILE OF THE AGENCY

TAM supports the economic vitality of Marin County and the region by funding transportation projects and programs that improve mobility, reduce congestion, and provide a transportation system with more options and better quality of life 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 priorities. 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 (SR2S) Program; and school crossing guards. Revenues from the extended Measure AA continue to support those important projects and programs under Measure A while also provide funding for critical new projects, such as the Marin Sonoma Narrows (MSN) Project, Highway 101/I-580 Direct Connector Project, a comprehensive interchange improvement program, and innovative technology and sea level rise resiliency.

TAM also administers the Expenditure Plan for Measure B, the \$10 Vehicle Registration Fee (VRF), approved by the voters in 2010. Revenues collected from Measure B help maintain local roads and pathways, fund transportation options for seniors and disabled persons; provide school crossing guards; reduce commute trip congestion; and support a cleaner environment by providing an alternative fuel program.

As Marin County's Congestion Management Agency (CMA), TAM is responsible for coordinating the funding for many of the transportation projects and programs in the County under various regional, state, and federal funding programs. Through its CMA activities, TAM leverages regional, state, and federal transportation dollars to complement the Measure A/Measure AA and the Measure B revenues and performs project delivery monitoring to assist with project/program 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 also serves as Marin's program manager for the Transportation Fund for Clean Air (TFCA) 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 one elected official from each city and town. Board members elect a chairperson and vice-chairperson every January. The chairperson recommends and the Board appoints members and chairpersons of 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, though significant disparities exist within the County. 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.

COVID-19 and Its Impacts

Even though President Biden has declared the end of the COVID-19 pandemic in September of this year, the extent of the time and effort needed to recover from the social, economic, and fiscal shock of the pandemic is still hard to grasp. With the widespread availability of the vaccine and the reduced health threat of the virus, most parts of the world have lifted health/travel restrictions and are on the path "back to normal." While the current impacts are obvious and being addressed, it will take time to adapt and adjust to the long-term effects of the pandemic in the US and worldwide. And some of the long-term negative economic, emotional, and social impacts may never be accurately assessed.

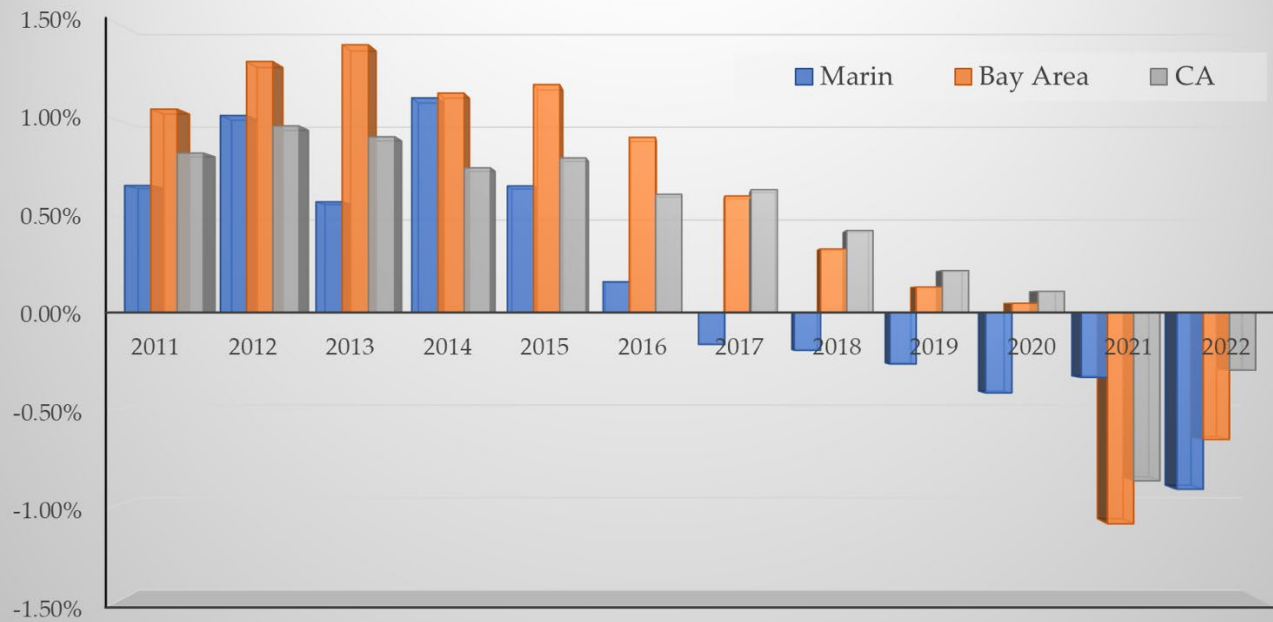
Due to the nature of its operation and revenue sources, TAM has experienced less disruption to its daily work activities and is in a healthy stable financial position so far. TAM, along with all our partner agencies, is also closely monitoring and mitigating the financial and service impacts of COVID-19, as well as constantly rethinking and adjusting our transportation project/program priorities and implementation strategies during this very challenging time.

Major Economic and Sales Tax Revenue Trend Indicators

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

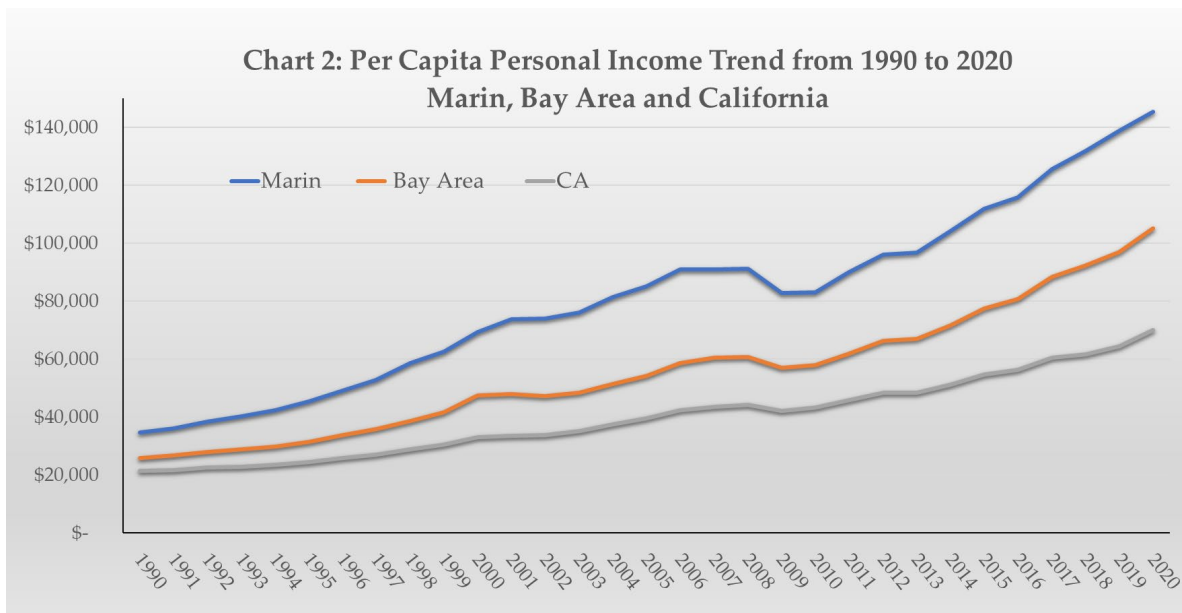
According to the data provided by the California Department of Finance (DOF), between 2010 and 2022, the population of Marin County increased from 252,409 to 257,135 but has been in negative growth since 2017 and dropped almost 1% from 2021 to 2022. As shown in "Chart 1: Annual Population Growth from 2010 to 2022, Marin, Bay Area and California", Marin's population grew slower than the Bay Area and the State overall, but experienced much faster decline in the recent years, with the exception between 2020 and 2021, where the Bay Area lost more population proportionally based on the revised 2021 population data.

**Chart 1: Annual Population Growth from 2010 to 2022
Marin, Bay Area and California**



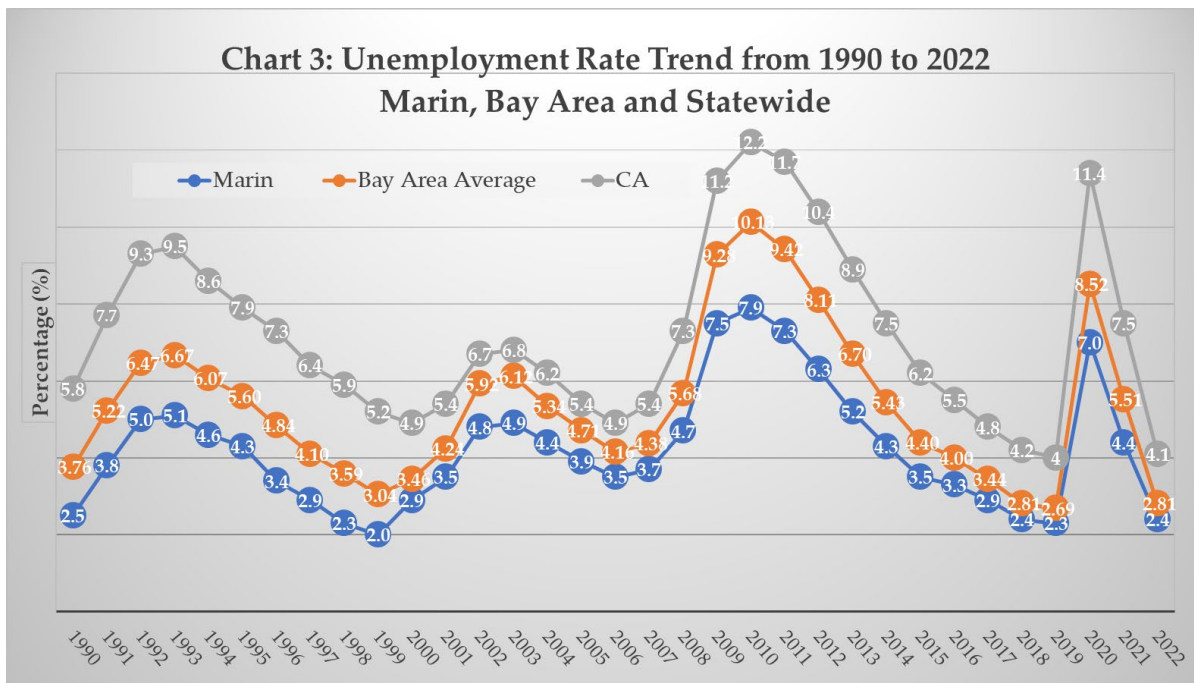
Data Source: State of California Department of Finance

As one of the wealthiest 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 2020, Marin’s average per capita personal income (\$145,575) is more than double the national average (\$59,510) and the state average (\$70,192) and is also more than 38% higher than the Bay Area average (\$105,302). As stated on the Bureau of Economic Analysis website: *personal income estimates were impacted by the response to the spread of COVID-19, as governments issued and lifted “stay-at-home” orders. The full economic effects of the COVID-19 pandemic cannot be quantified in the local area personal income estimates, because the impacts are generally embedded in source data and cannot be separately identified.* Nevertheless, Marin County’s 2020 per capita income went up 4.8% compared to 2019, mostly due to the demographic/wealthy nature of the County, as well as various economic stimulus/help included in the Coronavirus Aid, Relief, and Economic Security (CARES) Act.



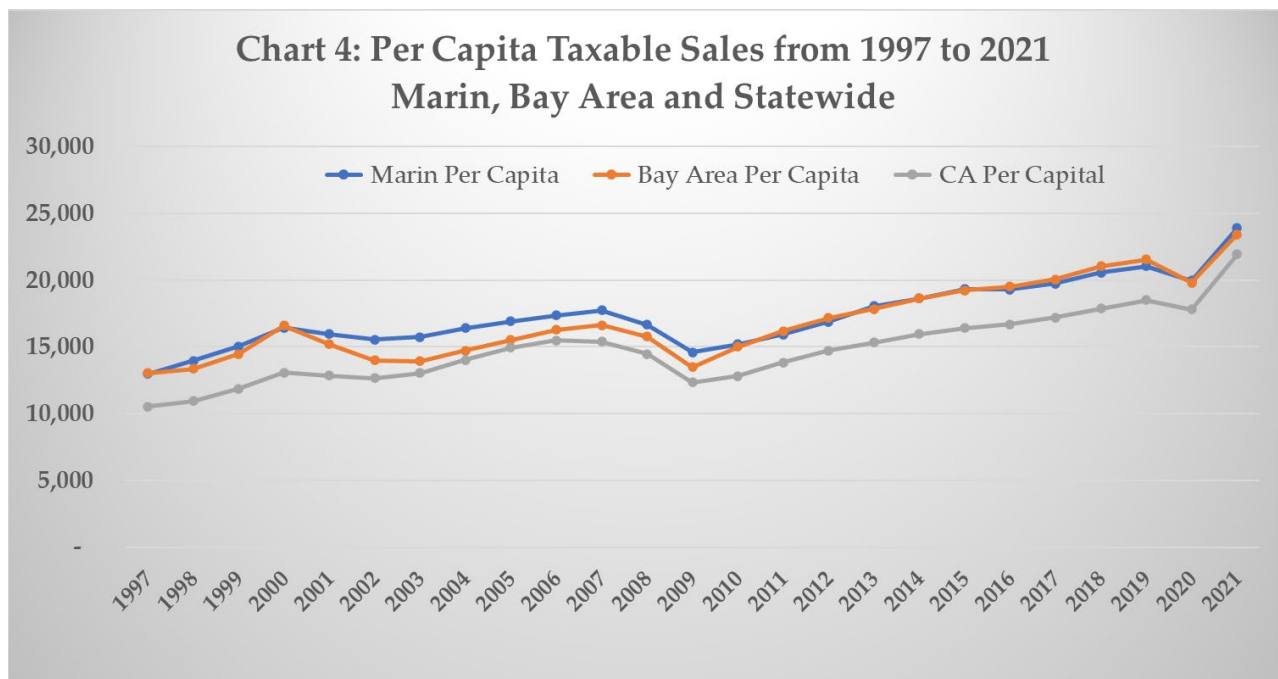
Data Source: U.S. Department of Commerce Bureau of Economic Analysis

As shown in “Chart 3: Unemployment Rate – Marin, Bay Area and California”, the unemployment rate in Marin continues to be lower than the State and the Bay Area average. The nation enjoyed historical low unemployment for years and has also fully recovered from the record spike in the unemployment rate due to the COVID-19 and Shelter in Place (SIP) order. The national and California unemployment rate was 8.4% and 11.4% in August 2020, and 3.7% and 4.1% in August 2022, respectively. The unemployment rate for the Bay Area was 8.5% in August 2020 and 2.8% in August 2022. Marin’s unemployment rate was 2.4% in August 2022, just slightly higher than San Mateo (2.1%), San Francisco (2.3%) and Santa Clara (2.3%).

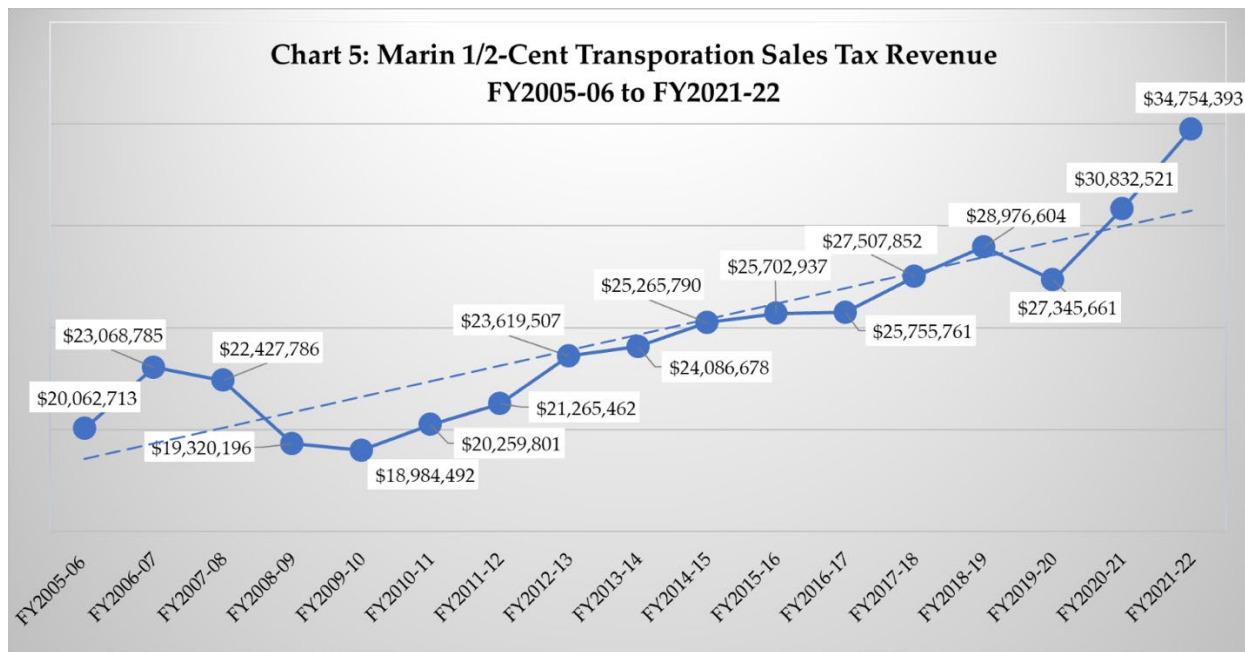


Data Source: State of California Employment Development Department

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 result in a relatively lower reduction in taxable sales during the pandemic and in the long-term continuing and stable sales tax revenue increase for TAM. However, it is still unclear when we can totally put the pandemic behind us, therefore it is hard to predict how long the COVID-19 induced recession and inflationary surge will last and how much damage it will cause. “Chart 4: Per Capita Taxable Sales from 1997 to 2020, Marin, Bay Area and California” and “Chart 5: Marin ½-Cent Transportation Sales Tax Revenue Trend, from FY2006-FY2021” shows the historical taxable sales per capita for Marin, the Bay Area and Statewide since 1997 and the actual revenue collection since the inception of the ½-Cent Transportation Sales Tax. While TAM experienced a negative growth in sales tax revenue in FY2019-20, the 5.7% decrease was less severe compared to many other counties in the State, and fortunately for the County, we had a 13% increase in sales tax revenue for FY2020-21.



Data Source: State of California Department of Finance and Tax and Fee Administration



LONG-TERM FUNDING PLANNING

TAM has successfully managed and delivered many critical transportation projects/programs identified in the Expenditure Plans of both the 2004 Measure A ½-Cent Transportation Sales Tax and the 2010 Measure B \$10 Vehicle Registration Fee, and has been making great progress with the projects and programs approved and funded with Measure AA, the 30-year extension of Measure A.

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 high priority transportation projects and programs in the County. Cash flow of most projects and programs under Measure AA will be met by the monthly disbursement of the sales tax revenue.

With the significant economic and social damages from the pandemic, along with the ongoing geopolitical risks, more economists believe that the U.S. economy is on the brink of a recession, with some predicting that the recession could start as soon as the end of 2022 before spreading globally next year. The potential sales tax revenue loss in the upcoming few years weighs on the agency's financial picture. However, over the long-term, the strong sales tax drivers, including Marin's per capita personal income and unemployment rate, will continue to support the stable taxable sales growth in Marin. TAM's long-term prudent fiscal practices will also help the agency weather the next recession if it becomes unavoidable.

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 \$11.7 million in FY2022-23 from SB1 for local streets and roads maintenance needs and substantial additional funds for transit as well.

Marin also is expecting new funding from Regional Measure 3 (RM3), which was approved by the voters on June 5, 2018, to help fund a few major capital projects in the County. However, the toll monies

collected are being held in escrow until the California Supreme Court issues a decision in the Howard Jarvis Taxpayers Association Case that challenges RM3. Staff will continue to keep the Board apprised of the RM3 legal situation.

As noted before, staff has been closely monitoring funding opportunities, such as federal and state stimulus packages and the infrastructure bill, that may be available to support transportation project and program priorities in Marin.

MAJOR PROJECT ACTIVITIES

TAM will continue the delivery of all projects and programs in both the Measure A and Measure AA Expenditure Plans, the Measure B Expenditure Plan, and all projects and programs with which TAM plays a vital role as the CMA for the County.

In the upcoming year, 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
- US 101/I-580 Multi-modal and Local Access Improvement Project
- Improve Highway 101 Local Interchanges and Freeway Access Routes
- Bellam Boulevard Off-Ramp Improvements
- Safe Routes to School Program
- Crossing Guard Program
- Alternative Fuel/Electric Vehicle Program
- First/Last Mile Connections to Transit Hubs
- Senior Mobility
- Local Streets & Roads Rehab/Maintenance
- Transit Services
- Transportation Demand Management Program
- Sea Level Rise
- Various Innovation Programs
- Active Transportation Improvements

RELEVANT FINANCIAL POLICIES

TAM has adopted a comprehensive set of financial policies 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's first Annual Comprehensive Financial Report (ACFR) was produced during the FY2017-18 financial audit. The first ACFR received very positive feedback from the Board, the Citizens' Oversight Committee (COC), the general public and also won the Certificate of Achievement for Excellence in Financial Reporting Award from the Government Finance Officers Association (GFOA) of the United States and Canada. Staff appreciates the confirmation of good work by all parties and will continue to improve the ACFR over the years.

The preparation of TAM's ACFR is made possible by the efficient and dedicated services of the agency's financial and administration team, and with the cooperation and support of all other staff. We also want to acknowledge the professional support of TAM's audit team from Eide Bailly LLP.

Most importantly, we would like to thank TAM's Board of Commissioners and the COC 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,



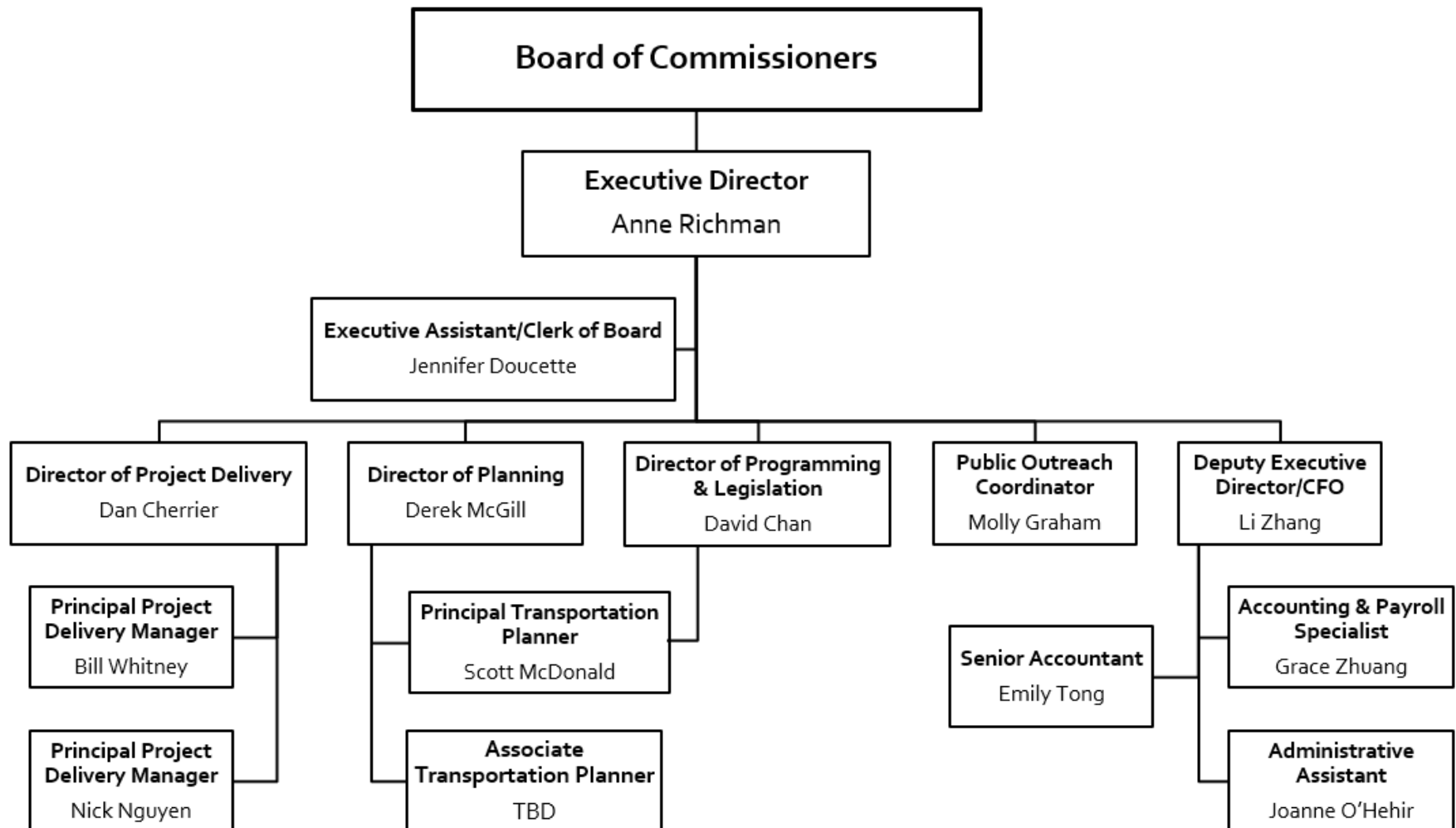
Anne Richman
Executive Director



Li Zhang
Deputy Executive Director/Chief Financial Officer

Transportation Authority of Marin Organization Chart

As of June 30, 2022



BOARD OF COMMISSIONERS

JUNE 30, 2022

Eric Lucan/Chair	City of Novato
Stephanie Moulton-Peters/Vice Chair	County of Marin
James Campbell	City of Belvedere
Charles Lee	Town of Corte Madera
Chance Cutrano	Town of Fairfax
Dan Hillmer	City of Larkspur
Urban Carmel	City of Mill Valley
P. Beach Kuhl	Town of Ross
Brian Colbert	Town of San Anselmo
Kate Colin	City of San Rafael
Susan Cleveland-Knowles	City of Sausalito
Alice Fredericks	Tow of Tiburon
Damon Connolly	County of Marin
Katie Rice	County of Marin
Dennis Rodoni	County of Marin
Judy Arnold	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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Transportation Authority of Marin (Authority) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note 1 and Note 9 to the financial statements, the Authority has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison schedules, schedule of pension contributions, and the schedule of changes in the total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority’s basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 basic financial statements or to the basic 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 basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Menlo Park, California
[DATE OF REPORT]

TRANSPORTATION AUTHORITY OF MARIN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

This Management's Discussion and Analysis (MD&A) Section of the financial statements presents management's overview and analysis of the financial activities of TAM for the fiscal year ended June 30, 2022. 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 \$44.79 million in revenues in FY2021-22, of which \$34.75 million, or 77.6% 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. As of FY2018-19, the sales tax revenue in Marin County was seeing uninterrupted growth for nine years with a close to 5% annual growth rate, and revenue collection at \$28.98 million for the year, until the pandemic broke the positive trend in FY2019-20, with a negative growth of 5.6% for the year at a total collection of \$27.35 million. Fortunately, due to the demographic and income nature of the County, unlike some of the counties in the State, the SIP Order has brought more taxable spending home with many who used to commute to other counties now working and shopping from home. With most residents unable to travel and spend on planned vacation trips, and the booming housing market, spending that helps Marin's taxable sales, such as home improvement and landscaping projects, has increased very noticeably during the SIP period and still going strong. All these helped TAM reached its new highest annual sale tax revenue collection in FY2021-22, with a total collection of \$34.75 million, which \$3.92 million (12.7%) more than the \$30.83 million collected in FY2020-21.

A total of \$2.31 million was collected under Measure B, the \$10 VRF program, in FY2021-22, which is 0.69 million less than the \$2.40 million collected in FY2020-21. Together, the Measure A/AA ½-Cent Transportation Sales Tax and the Measure B \$10 VRF revenues are more than 82.7% of agency's total FY2021-22 revenue and 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 \$8.74 million for all its CMA related activities. TAM collected about \$0.85 million from MTC in Congestion Management Planning & Programming and One Bay Area Grant (OBAG) funds. Cities, towns, and the County of Marin also contributed \$0.50 million for various services/support TAM provides as the CMA. A total of \$6.97 million Regional Measure 2 (RM2) funds were received for various RM2 capital projects in Marin County. TAM collected about \$0.33 million in Transportation Fund for Clean Air (TFCA) funds, a program funded by a \$4 surcharge on motor vehicles registered in the Bay Area. A total of \$0.17 million was received from the State Transportation Improvement Program (STIP) for Planning, Programming & Monitoring (PPM). And an total of additional \$0.1 million from Senate Bill 1 (SB1), for the Bus on Shoulder study (\$0.01M) and Highway 101 Excess Right of Way (ROW) fund (\$0.09M).

TRANSPORTATION AUTHORITY OF MARIN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Total FY2021-22 expenditures for TAM were \$36.83 million, of which \$1.62 million was from the Measure A ½-Cent Transportation Sales Tax Fund. Expenditures for Measure AA ½-Cent Transportation Sales Tax Fund were \$24.00 million. Expenditures for all Measure B \$10 VRF programs were \$1.72 million. Expenditures for the General Fund for various CMA planning/programming activities and major capital projects were \$9.10 million. The TFCA Fund also has a total expenditure of \$0.39 million for the year.

As of June 30, 2022, the total investment TAM holds with CalTRUST, the Investment Trust of California, is \$42.85 million. Total interest revenue received from various CalTRUST funds and from TAM's cash holding with Bank of Marin during FY2021-22 is \$0.29 million. As of June 30, 2022, the unrealized loss from the various CalTRUST funds is \$1.81 million. TAM also has \$0.13 million restricted investment with the California Employers' Pension Prefunding Trust (CEPPT) of CalPERS as of June 30, 2022. Including the funds in the Bank of Marin, CalTRUST and the CalPERS Trust, TAM has a total cash/investment balance of \$51.10 million as of June 30, 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The Government-wide Financial Statements provide 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, 2022

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 FY2021-22.

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 \$9.10 million for various transportation planning and programming activities, and capital projects management, and received a total of \$8.74 million in revenue in FY2021-22.

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, 2022

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 FY2021-22 is \$0.33 million. The Fund spent \$0.39 million on such activities in FY2021-22.

The Fund's fiscal year-end balance is \$0.63 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. With the collection transition from Measure A to Measure AA, total revenue for the fund was a negative adjustment of \$0.23 million for FY2021-22. The Fund spent \$1.62 million on various Measure A related activities, with \$0.01 million for Administration, \$0.42 million for Professional Services, \$1.14 million for Measure A Projects and Programs.

The Fund's fiscal year-end balance is \$9.93 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 \$34.68 million in revenue was collected in FY2021-22. The Fund spent \$24.00 million on various Measure AA related activities, with \$1.79 million for Administration, \$0.10 million for Professional Services, and \$22.11 million for Measure AA Projects and Programs, and \$1.30 million for Interagency Agreements.

The Fund's fiscal year-end balance is \$29.18 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, 2022

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 \$2.31 million in FY2021-22 and spent about \$1.72 million, including \$0.19 million for administration and \$1.53 million for various Measure B programs.

The Fund's fiscal year-end balance is \$3.11 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, 2022, and June 30, 2021.

TAM's governmental net position was \$44.36 million as of June 30, 2022, and comprised of the following:

- Cash and Investments of \$51.01 million in the CalTRUST and deposits with Bank of Marin.
- Receivables and Prepaid Items of \$11.1 million in sales tax, other accounts receivables and lease asset.
- Liabilities, including all accounts payables, unearned revenues, and net pension liability and OPEB liability, totaling \$19.52 million.
- Total net position for TAM was \$44.36 million as of June 30, 2022, which were all restricted for various transportation projects and programs.

TRANSPORTATION AUTHORITY OF MARIN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Table 1
Condensed Statement of Net Position

	<u>June 30, 2022</u>	<u>6/30/2021 Restated</u>	<u>Change</u>
Assets			
Cash and Investments	\$ 51,098,647	\$ 52,043,655	\$ (945,008)
Sales Tax Receivable	6,594,893	6,573,085	21,808
Accounts Receivable	3,744,311	5,225,270	(1,480,959)
Prepaid Items	21,444	21,444	-
Lease Assets net of accumulated Amortization	757,549	-	-
Net Pension Asset	433,976		
Total Assets	62,650,819	63,863,454	(2,404,159)
Deferred Outflows	978,494	704,136	274,358
Liabilities			
Accounts Payable	13,431,084	23,750,249	(10,319,165)
Accrued Liabilities	60,309	53,941	6,368
Unearned Revenue	3,922,993	4,009,780	(86,787)
Other Liabilities Due Within One Year	367,563	144,009	223,554
Liabilities Due in More Than One Year	1,302,035	904,839	397,196
Total Liabilities	19,083,984	28,862,818	(9,778,834)
Deferred Inflows	186,897	185,854	1,043
Net Position			
Net Investments in Capital Assets	(22,372)	-	(22,372)
Restricted	44,380,804	35,518,918	8,861,886
Total Net Position	\$ 44,358,432	\$ 35,518,918	\$ 8,839,514

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, \$9.23 million or 20.6% of TAM's FY2021-22 governmental revenues, came from program revenues and \$35.59 million, or 79.4%, came from general revenues such as Measure A and Measure AA ½-Cent Transportation Sales Taxes, Measure B \$10 VRF and investment earnings/loss.

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

TRANSPORTATION AUTHORITY OF MARIN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

STIP/PPM funds from the California Transportation Commission (CTC), and various small grants. TAM's total Operating Grants and Contributions for FY2021-22 is \$9.23 million. Measure A/AA ½-Cent Transportation Sales Tax revenues are the largest funding source for TAM at \$34.80 million and represent about 77.6% of TAM's FY2021-22 revenues. Measure A/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 November 2018. Measure B \$10 VRF revenue is another voter approved dedicated transportation fund source for Marin County with a total collection of \$2.31 million in FY2021-22. Investment loss, totaling \$1.51 million for FY2021-22, are also part of the general revenue calculation, including \$0.29 million in interest earned during the year and \$1.81 million of unrealized loss.

Table 2
Condensed Statement of Activities

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>
Revenues			
Program Revenue:			
Operating Grants and Contributions	\$ 9,232,310	\$ 7,729,826	\$ 1,502,484
Total Program Revenues	9,232,310	7,729,826	1,502,484
General Revenue:			
Sales Tax	34,793,147	30,695,297	4,097,850
Vehicle Registration Fee	2,311,091	2,404,319	(93,228)
Investment earnings	(1,514,891)	180,746	(1,695,637)
Total General Revenues	35,589,347	33,280,362	2,308,985
Expenses			
Administration	2,225,338	3,348,024	(1,122,686)
Professional Services	685,578	1,178,698	(493,120)
Program/Project	25,146,443	37,942,317	(12,795,874)
Interagency Agreement	7,924,784	6,644,955	1,279,829
Total Expenses	35,982,143	49,113,994	(13,131,851)
Changes in Net Position	8,839,514	(8,103,806)	16,943,320
Net Position - Beginning, as restated	35,518,918	43,622,724	(8,103,806)
Net Position - Ending	\$ 44,358,432	\$ 35,518,918	\$ 8,839,514

Economic Outlook and Future Projections

TRANSPORTATION AUTHORITY OF MARIN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Unfortunately, even though the end of the pandemic is finally in sight, the US and global economic outlook is predicted to be enter into another recession period by more and more economists in the near term, due to the interruption caused by the pandemic and the geopolitical issues. TAM will continue to maintain a watchful eye over the various revenues and expenditures and remain committed to sound fiscal management practices to deliver the highest quality services to the residents of Marin, even under difficult economic times.

Even though TAM's FY2020-21 and FY2021-22 sales tax revenue collections are very encouraging, there are still great uncertainties for future revenue generations, especially when Marin resident return to regular commute and travel out of the County. Staff believes the that the agency will be able to continue the vital transportation projects and programs in Marin but many of TAM's projects and programs will be facing various level of funding challenges. TAM hopes that the legal litigation against the RM3 fund will be fully resolved over the next year, which will provide reliable funding for the NB Highway 101 to EB I-580 Direct Connector Project and allow TAM to repay the federal funds that MTC advanced for the MSN project. Staff is also hopeful that the various federal and state resources will be stable in the upcoming fiscal year to provide more certainty for the funding plans of various projects and programs.

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 FY2021-22 and expects the same to be true for FY2022-23. On the other hand, with a few major capital projects starting under the Measure AA Expenditure Plan, it's possible that TAM will need to explore various cash management/financing options to meet the cash flow of several projects over the next few years.

Request for Information

This ACFR 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, 2022

	Governmental Activities
ASSETS:	
Cash and Investments	\$ 50,970,169
Restricted Investments	128,478
Sales Tax Receivable	6,594,893
Accounts Receivable	3,744,311
Prepaid Items	21,444
Lease Asset	984,813
Accumulated Amortization, Leases	(227,265)
Net Pension Asset	433,976
Total Assets	62,650,819
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Outflows From Pension Activities	883,307
Deferred Outflows From OPEB Activities	95,187
Total Deferred Outflows of Resources	978,494
LIABILITIES:	
Accounts Payable	13,431,084
Accrued Liabilities	60,309
Unearned Revenue	3,922,993
Compensated Absences, Due in One Year	151,240
Compensated Absences, Due in More than One Year	111,816
Lease Liability, Due in One Year	216,322
Lease Liability, Due in More than One Year	563,599
Net OPEB Liability	626,621
Total Liabilities	19,083,984
DEFERRED INFLOWS OF RESOURCES:	
Deferred Inflows From Pension Activities	133,793
Deferred Inflows From OPEB Activities	53,104
Total Deferred Inflows of Resources	186,897
NET POSITION:	
Net Investment in Capital Assets	(22,372)
Restricted for:	
TFCA Projects/Program	636,985
Measure A Sales Tax Projects/Program	9,952,901
Measure AA Sales Tax Projects/Program	29,758,470
Measure B VRF Projects/Program	3,137,404
Congestion Management Projects/Program	895,045
Total Net Position	\$ 44,358,432

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

TRANSPORTATION AUTHORITY OF MARIN

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program	Net (Expense) Revenue and Changes in Net Position
		Revenues Operating Grants and Contributions	
Governmental Activities:			
Congestion Management:			
Administration	\$ 2,225,338	\$ 789,452	\$ (1,435,886)
Professional Services	685,578	163,512	(522,066)
TFCA Programs/Projects	362,625	354,562	(8,063)
Measure A Sales Tax Programs	1,143,839	-	(1,143,839)
Measure AA Sales Tax Program:	22,108,424	-	(22,108,424)
Measure B VRF Programs	1,531,554	-	(1,531,554)
Interagency Agreement	7,924,784	7,924,784	-
Total Governmental Activities	\$ 35,982,143	\$ 9,232,310	(26,749,833)
General Revenues:			
Measure A Sales Tax Revenue			82,488
Measure AA Sales Tax Revenue			34,710,658
Measure B Vehicle Registration Fee Revenue			2,311,091
Investment Earnings			(1,514,891)
Total, General Revenues			35,589,347
Change in Net Position			8,839,514
Net Position - Beginning, restated			35,518,918
Net Position - Ending			\$ 44,358,432

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

TRANSPORTATION AUTHORITY OF MARIN

BALANCE SHEET- GOVERNMENTAL FUNDS

JUNE 30, 2022

	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	\$ 4,709,810	\$ 917,967	\$ 10,821,906	\$ 31,366,066	\$ 3,154,420	\$ 50,970,169
Restricted Investments	128,478	-	-	-	-	128,478
Sales Tax Receivable	-	-	33,684	6,561,208	-	6,594,893
Accounts Receivable	3,348,212	-	-	-	396,099	3,744,311
Prepaid Items	-	-	21,444	-	-	21,444
Total Assets	\$ 8,186,501	\$ 917,967	\$ 10,877,034	\$ 37,927,274	\$ 3,550,519	\$ 61,459,295
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:						
Liabilities:						
Accounts Payable	\$ 3,474,236	\$ 284,059	\$ 929,800	\$ 8,310,507	\$ 432,482	\$ 13,431,084
Accrued Liabilities	20,936	302	1,819	32,561	4,693	60,309
Unearned Revenues	3,916,806	-	-	6,187	-	3,922,993
Total Liabilities	7,411,978	284,360	931,619	8,349,255	437,174	17,414,387
Deferred Inflows of Resources:						
Unavailable Revenues	15,000	-	12,163	402,444	-	429,608
Fund Balances:						
Nonspendable	-	-	21,444	-	-	21,444
Restricted for:						
TFCA Projects/Program	-	633,606	-	-	-	633,606
Measure A Sales Tax Projects/Program	-	-	9,911,808	-	-	9,911,808
Measure AA Sales Tax Projects/Program	-	-	-	29,175,575	-	29,175,575
Section 115 Trust Retirement Benefits	128,478	-	-	-	-	128,478
Measure B VRF Projects/Program	-	-	-	-	3,113,345	3,113,345
Congestion Management Projects/Program	631,044	-	-	-	-	631,044
Total Fund Balances	759,523	633,606	9,933,252	29,175,575	3,113,345	43,615,300
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,186,501	\$ 917,967	\$ 10,877,034	\$ 37,927,274	\$ 3,550,519	\$ 61,459,295

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, 2022

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	\$ 43,615,300
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.	\$ 429,608
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.	(263,056)
Recognition of net lease assets are not reported in the governmental funds but are reflected in the Statement of Net Position.	757,549
Recognition of net lease liability are not reported in the governmental funds but are reflected in the Statement of Net Position.	(779,921)
Net pension liability and related deferrals are not due and payable in the current period and therefore are not reported in the governmental funds.	1,183,490
Net OPEB liability and related deferrals are not due and payable in the current period and therefore are not reported in the governmental funds.	(584,538)
Total Net Position - Governmental Activities	<u>\$ 44,358,432</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 FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	TFCA Fund	Measure A Sales Tax Fund	Measure AA Sales Tax Fund	Measure B VRF Fund	Governmental Funds
REVENUES						
Measure A/AA Sales Tax Revenue	\$ -	\$ -	\$ 76,386	\$ 34,678,007	\$ -	\$ 34,754,393
Measure B VRF Revenue	-	-	-	-	2,311,091	2,311,091
Cities/Towns and County Contribution	500,000	-	-	-	-	500,000
Investment Earnings	(150,053)	(26,507)	(301,628)	(942,528)	(94,174)	(1,514,891)
MTC STP/CMAQ Planning Fund and OBAG Grants	850,748	-	-	-	-	850,748
MTC Regional Measure 2 Fund	6,970,819	-	-	-	-	6,970,819
Transportation For Clean Air Funding	-	354,562	-	-	-	354,562
State STIP/PPM Fund	174,905	-	-	-	-	174,905
TDA Article 3	274,062	-	-	-	-	274,062
Federal STP Fund	10,000	-	-	-	-	10,000
Caltrans Bus On Shoulder Grant	12,633	-	-	-	-	12,633
Realized Highway 101 ROW Excess Fund	92,974	-	-	-	-	92,974
Other Revenues	1,607	-	-	-	-	1,607
Total Revenues	8,737,694	328,055	(225,242)	33,735,479	2,216,917	44,792,903
EXPENDITURES						
Congestion Management - Current:						
Administration	1,006,760	26,584	58,905	1,785,330	191,850	3,069,428
Professional Services	163,512	-	418,934	103,132	-	685,578
TFCA	-	362,625	-	-	-	362,625
Measure A Sales Tax	-	-	1,143,839	-	-	1,143,839
Measure AA Sales Tax	-	-	-	22,108,424	-	22,108,424
Measure B VRF	-	-	-	-	1,531,554	1,531,554
Interagency Agreements	7,924,784	-	-	-	-	7,924,784
Total Expenditures	9,095,056	389,209	1,621,678	23,996,887	1,723,404	36,826,234
Excess (Deficiency) of Revenues Over Expenditures	(357,361)	(61,154)	(1,846,921)	9,738,592	493,513	7,966,669
Net Change in Fund Balances	(357,361)	(61,154)	(1,846,921)	9,738,592	493,513	7,966,669
Fund Balance - Beginning	1,116,884	694,760	11,780,173	19,436,982	2,619,832	35,648,631
Fund Balance - Ending	\$ 759,523	\$ 633,606	\$ 9,933,252	\$ 29,175,575	\$ 3,113,345	\$ 43,615,300

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 FOR THE YEAR ENDED JUNE 30, 2022

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

Net Change in Fund Balances	\$ 7,966,669
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.	28,754
Amortization and financing of leased assets that are not recognized in governmental funds but recognized on the Statement of Activities in accordance with GASB 87.	\$ (22,371)
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.	974,826
OPEB 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.	(78,775)
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.	(29,589)
Change in Net Position of Governmental Activities	<u>\$ 8,839,514</u>

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

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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, 2022

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.

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.

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.

Special revenue funds are established to account for the proceeds from specific revenue sources (other than trusts, capital projects, or debt service) that are restricted or committed to the financing of particular activities and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

TAM reports the following governmental special revenue funds in the accompanying financial statements:

TFCA 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 Fund - This fund accounts for revenues and expenditures for the projects and programs set forth by the voters in TAM's Measure A ½-Cent Transportation Sales Tax Expenditure Plan, approved by Marin voters in November 2004. Measure A official sunset on March 31, 2019 with Measure AA took effective on April 1, 2019. However, minor annual collection of Measure A revenue is expected to continue into the foreseeable future with various revenue collection/report adjustment for periods prior to March 31, 2019.

Measure AA ½-Cent Transportation Sales Tax 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 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, 2022

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, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash Equivalents

TAM's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. TAM consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

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, 2022 were as follows:

	Balance July 01, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
Compensated Absences	\$ 233,467	\$ 148,459	\$ 118,870	\$ 263,056	\$ 151,240

Net Position and Fund Balances

Net Position - the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investments in capital assets, restricted and unrestricted.

Net investment in capital assets - consists of capital assets, net of accumulated depreciation/amortization. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation. This amount consists of amounts restricted from external creditors, grantors, contributors, and laws or regulations of other governments

Unrestricted Net Position - the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Financial Statements

Fund Balances - Restrictions of fund balances of governmental funds are amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation. The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in a spendable form such as prepaid items or inventories or are legally or contractually required to be maintained intact. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

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

Spending Order Policy

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

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.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of TAM's OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Risk Management

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

Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of net position and the balance sheet will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. TAM 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

TAM measures its investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, using observable market transactions or available market information. TAM's investments in the CalTRUST Joint Powers Authority are uncategorized because deposits to and from the pool are made on the basis of \$1 and not at fair value.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Restricted Cash and Investments with Trustees

Assets whose use is restricted to specific purposes are segregated on the statement of net position. Restricted cash and investments consisted of TAM's California Employer's Pension Prefunding Trust Fund (CEPPT) (that is intended to perform an essential government function investment of funds by a State, political subdivision or 115 entity within the meaning of Internal Revenue Code Section 115).

Receivables

Receivables consist of amounts owed to TAM by other governmental agencies and sales tax receivables. An allowance for doubtful accounts receivable is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection may not occur. As of June 30, 2022 all receivables are considered fully collectible.

Capital Assets

Capital assets are tangible and intangible assets which include leases as lessee. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. It is TAM's policy to capitalize qualifying tangible and intangible assets with an initial cost of more than \$5,000, and an estimated useful life in excess of one year. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets. Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right to use leased equipment are depreciated/amortized using the straight-line method over the useful life of the asset.

Leases

As Lessor: At the commencement of a lease, TAM will initially measure the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Currently TAM has no recognized lease receivable.

As Lessee: TAM is a lessee for a noncancellable building lease. TAM recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in its financial statement.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

At the commencement of a lease, TAM initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how TAM determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

TAM uses its estimated bond borrowing rate as the discount rate for leases with adjustment for the applicable lease terms.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that TAM is reasonably certain to exercise.

TAM monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with noncurrent capital assets and lease liabilities are reported with long term debt as current and noncurrent liabilities on the statement of net position.

Risk Management

TAM is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which TAM carries commercial insurance. In addition, TAM has policies and procedures that ensure appropriate insurance coverage and risk procedures for third-party service providers doing work on behalf of the agency. TAM did not settle any claims that exceeded TAM's insurance coverage during the past three years, nor did it reduce its insurance coverage from the prior year.

Deferred Inflow/Outflow of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. TAM has two items that qualify for reporting in this category; deferred amounts related to pension and OPEB. The

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. TAM has two items that qualify for reporting in this category; deferred amounts related to pension and OPEB activities.

New Accounting Principles

The GASB has issued the following accounting pronouncements that became effective during FY2021-22:

- GASB Statement No. 87, *Lease*.

GASB Statement No. 87 – The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The effect of the implementation of this standard on beginning fund balance and net position is described in Note 9.

NOTE 2 – CASH AND INVESTMENTS

Classification

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

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 2 – CASH AND INVESTMENTS – CONTINUED

Cash and Cash Deposits	\$ 8,122,460
Section 115 Trust	128,478
Investments with CalTRUST Joint Powers Authority Pool	<u>42,847,708</u>
Total Cash and Investments	<u>\$ 51,098,646</u>

Unrestricted Cash and Investments	\$ 50,970,168
Restricted Investments - Section 115 Trust	<u>128,478</u>
Total Cash and Investments	<u>\$ 51,098,646</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:

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 2 – CASH AND INVESTMENTS – CONTINUED

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
Commercial Paper: Pooled Funds	270 days or less	40% of the agency's money	Highest letter and number rating by an
Negotiable Certificates of Deposit	5 Years	30%	None
Non-negotiable Certificates of Deposit	5 Years	None	None
Placement Service Deposits	5 Years	50%	None
Placement Service Certificates of Deposit	5 Years	50%	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 Securiti	5 years or less	20%	"AA" 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%	"AA" rating category or its equivalent or better
Public Bank Obligationa	5 years	None	None

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

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 2 – CASH AND INVESTMENTS – CONTINUED

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Totals	Remaining Maturity	
		12 Months or Less	1 to 5 Years
Section 115 Trust	\$ 128,478	\$ -	\$ 128,478
Deposits with CalTRUST Joint Powers Authority Pool	42,847,708	1,143,616	41,704,092
Total	\$ 42,976,186	\$ 1,143,616	\$ 41,832,570

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		
		AA-f	AA-f	AAA-m
Deposits with CalTRUST Joint Powers Authority Pool	\$ 42,847,708	\$ 948,245	\$ 41,704,092	\$ 195,371

Investment in the Section 115 Trust with the California Employer's Retiree Benefits Trust is not rated.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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, 2022, 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 \$8,122,460. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining balance was exposed to custodial credit risk because it was collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code described above, but not in the name of TAM.

Fair Value Measurements

TAM categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

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

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

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 2 – CASH AND INVESTMENTS – CONTINUED

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

Deposits and withdrawals in the CalTRUST Investment Pool are made on the basis of \$1 and not fair value. Accordingly, the Authority's proportionate share of investments on June 30, 2022 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

Reported investment income is comprised of the following components as of June 30, 2022:

Unrealized/Realized Investment Gain (Loss)	(1,762,441)
Interest Revenue	\$ 247,548
Total Investment Income	<u>\$ (1,514,891)</u>

NOTE 3 – COMMITMENTS AND CONTINGENCIES

TAM has various cooperative agreements with governmental entities and contracts with vendors. As of June 30, 2022, TAM's total outstanding commitments were approximately \$114.13 million, with \$33.44 million expended and \$80.69 million still outstanding.

NOTE 4 – 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.

TAM mitigates its exposure to loss through purchase of private insurance. Claims have not exceeded coverage in the past three years.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 5 – CAPITAL ASSETS - CONTINUED

	7/1/2021			6/30/2022
	<u>Restated Beg Bal</u>	<u>Addition</u>	<u>Deletion</u>	<u>Ending Bal</u>
Right to use lease, Buildings	984,813			984,813
Less accumulated depreciation/amortization				
Right to use lease, Buildings		(227,265)		(227,265)
Capital assets, Net	984,813	(227,265)		757,549

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 employers 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, 2022, are summarized as follows:

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 6 – PENSION PLANS – CONTINUED

Contributions

	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%	6.75%
Required employer contribution rates	10.88%	7.59%

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, 2022, the employer contributions made by TAM to the plan were equal to the amount of the annual required employer contributions of \$192,251.

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, 2021, using an annual actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, 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:

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 6 – PENSION PLANS – CONTINUED

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	6.80%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	Varies by Entry-Age and Service
Investment Rate of Return	7.15%
Mortality	Based on CalPERS Experience Study
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.

All other actuarial assumptions used in the June 30, 2020, valuation were based on the results of the 2017 actuarial experience study for the period from 1997 to 2015, 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, 2022, TAM recognized pension credit of \$590,324. On June 30, 2022, TAM reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 6 – PENSION PLANS – CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 192,251	\$ -
Contributions in excess of proportionate share	81,543	(34,177)
Changes in assumptions	-	
Difference in expected and actual experience	-	(48,666)
Adjustment due to differences in proportions	230,674	(50,950)
Net differences between projected and actual earnings on plan investments	378,838	-
Total	<u>\$ 883,306</u>	<u>\$ (133,793)</u>

Reported as deferred outflows of resources related to contributions subsequent to the measurement date is \$192,251 which will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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>	Deferred Outflows/(Inflows) of Resources
2023	\$ 184,934
2024	151,645
2025	115,992
2026	104,691
	<u>\$ 557,262</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 6.80% 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

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 6 – PENSION PLANS – CONTINUED

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.

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 expected real rates of return by asset class are as follows:

Asset Class	Current Target Allocation	(1) Real Return Years 1 - 10	(2) Real Return Years 11+
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	100.0%		

(1) An expected inflation of 2.5% 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, 2022

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	282,737	(433,976)	(1,026,473)

Pension Plan Fiduciary Net Position

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

NOTE 7 – NET OTHER-POST EMPLOYMENT BENEFIT (OPEB) LIABILITY

For the fiscal year ended June 30, 2022, TAM reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense as follows:

Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
\$ 626,621	\$ (95,187)	\$ 53,104	\$ 86,226

The details of TAM's plan are as follows:

Plan Administration

TAM's governing board administers OPEB Plan (the Plan). The Plan is a single employer defined benefit plan that is used to provide OPEB other than pensions for eligible retirees and their spouses.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 7 – NET OTHER POST-EMPLOYMENT BENEFIT (OPEB) LIABILITY - CONTINUED

Plan Membership

Membership in the plan consisted of the following at the measurement date of June 30, 2021.

	Plan Members
Inactive employees or beneficiaries currently receiving benefits payments	2
Inactive employees or beneficiaries not currently receiving benefits payments	1
Active employees	13
Total	16

Benefits Provided

The Plan provides medical coverage through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS: either (a) attainment of age 50 (age 52, if PEPRA employee) with 5 years of State or public agency service or (b) an approved disability retirement. Under PEMHCA, TAM has resolved to make the minimum allowable monthly employer contributions (MEC) toward active employee premiums. TAM also must provide a minimum lifetime contribution for all retired employees and for a covered spouse who survives the retiree if the spouse is entitled to survivor pension benefits.

Contributions

The contribution requirements of Plan members and TAM are established and may be amended by TAM's governing board. The required contribution is based on projected pay-as-you-go financing requirements. TAM contributed \$7,451 as MEC premium contribution and implicit subsidy to the retiree in FY2021-22.

Actuarial Assumptions

The Authority's net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2020, based on the following actuarial methods and assumptions:

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 7 – NET OTHER POST-EMPLOYMENT BENEFIT (OPEB) LIABILITY – CONTINUED

Inflation	2.50% no change from prior year
Salary Increases	3.00% no change from prior year
Discount Rate	2.20% from 2.25% in prior year
Healthcare cost trend rates	5.8% in 2021, fluctuating down to 4% by 2076
Measurement Date	June 30, 2021

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

Mortality rates were based on the 2017 CalPERS Public Agency for Miscellaneous Employees Table. Mortality rates vary by age and sex. The actuarial assumptions used in the June 30, 2020, valuation were based on the results of the 2017 CalPERS experience study for the period using data from 1997 to 2015

Changes of Assumptions

The discount rate was changed from 2.25 percent in 2020 to 2.20 percent in the 2021 measurement date.

Changes in the Net OPEB Liability

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021	\$ 586,937	\$ 27,869	\$ 559,068
Service cost	67,912	-	67,912
Expected Investment Income	-	1,742	(1,742)
Employer Contribution	-	14,532	(14,532)
Changes of benefit terms	-	-	-
Interest	14,571	-	14,571
Administrative expenses	-	(10)	10
Benefit Payments	(14,532)	(14,532)	-
Changes of assumptions	5,069	-	5,069
Plan Experience	-	-	-
Investment Experience	-	3,735	(3,735)
Net change in total OPEB liability	73,020	5,467	67,553
Balance at June 30, 2022	\$ 659,957	\$ 33,336	\$ 626,621

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 7 – NET OTHER POST-EMPLOYMENT BENEFIT (OPEB) LIABILITY – CONTINUED

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of TAM, as well as what TAM's net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (1.20%)	\$ 741,269
Current discount rate (2.20%)	626,621
1% increase (3.20%)	535,353

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of TAM, as well as what TAM's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Liability
1% decrease	\$ 512,497
Current healthcare cost trend rate (5.7% in 2022 to 4.0% in 2076)	626,621
1% increase	775,818

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2022, TAM recognized OPEB expense of \$86,226. At June 30, 2022, TAM reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 7,451	-
Changes of assumptions	87,736	-
Differences between expected and actual experience	-	50,384
Net difference between projected and actual earnings on investment	-	2,720
Total	\$ 95,187	\$ 53,104

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 7 – NET OTHER POST-EMPLOYMENT BENEFIT (OPEB) LIABILITY – CONTINUED

Contributions subsequent to the measurement date will be recognized to OPEB expense in fiscal year 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 5,475
2024	5,475
2025	5,473
2026	5,385
2027	6,132
Thereafter	6,692
	<u>\$ 34,632</u>

NOTE 8 – LEASE LIABILITY

The lease liability consists of a multi-year lease agreement for its administrative office at 900 Fifth Ave, Suite 100, San Rafael. As of the beginning of the current fiscal year, a lease liability was recorded in the amount of \$984,813 upon implementation of GASB Statement No, 87, *Leases*. As of June 30, 2022, the value of the building lease liabilities was \$779,921. The agency must make monthly rent payments of \$19,624 as of June 30, 2022, escalating to \$21,444 at the expiration of the lease agreements. The value of the right-to-use asset at the end of the current fiscal year was \$757,549, net of accumulated amortization of \$227,265. TAM also has a sublease agreement for one office space that started May 2021 and is currently on a month-to-month sublease basis until terminated. Sublease payments for the fiscal year ended June 30, 2022, are \$4,800. TAM has two equipment leases for a copier and postage equipment that have a minimal present value and do not meet a material dollar threshold. TAM has elected not to recognize a lease asset and lease liability for these two leases.

The future principal and interest lease payments as of June 30, 2022, were as follows:

	7/1/2021		6/30/2022	Amt Due
	<u>Restated Beg</u>	<u>Addition</u>	<u>Deletion</u>	<u>Ending Bal</u>
	<u>Bal</u>			<u>Within</u>
				<u>One year</u>
Recognition of lease liability,				
Buildings	984,813		204,892	779,921
				216,322

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 8 – LEASE LIABILITY – CONTINUED

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 216,322	\$ 23,876	\$240,199
2024	231,338	16,067	\$247,405
2025	247,108	7,719	\$254,827
2026	85,153	622	\$ 85,775
	<u>\$ 779,921</u>	<u>\$ 48,284</u>	<u>\$828,205</u>

NOTE 9 – RESTATEMENT OF PRIOR YEAR NET POSITION

As of July 1, 2021, TAM adopted GASB Statement No. 87, *Leases* (GASB 87). As a result of the implementation of GASB 87, the agency changed its accounting for leases by recognizing a right-to-use lease asset and the related lease financing liability. The following table describe the effects of the implementation on beginning net position:

	Governmental Activities
Net position, previously reported as of July 1, 2021	35,518,918
Recognition of a right to use lease asset, net of accumulated amortization	984,813
Recognition of a lease liability	(984,813)
Net position, restated as of July 1, 2021	35,518,918

TRANSPORTATION AUTHORITY OF MARIN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL FOR GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
REVENUES				
Cities/Towns and County Contribution	\$ 500,000	\$ 500,000	\$ 500,000	\$ -
Interest Revenue	50,000	50,000	31,817	(18,183)
MTC STP/CMAQ Planning Fund and OBAG				
Grants	890,318	890,318	850,748	(39,570)
MTC Regional Measure 2 Fund	8,054,444	8,544,444	6,970,819	(1,573,625)
State STIP PPM Fund	193,696	193,696	159,415	(34,282)
STIP/RTIP/ITIP Funds	1,417,103	1,417,103	15,490	(1,401,613)
State TDA Fund	-	274,062	274,062	-
Federal STP	25,000	25,000	10,000	(15,000)
Caltrans Bus On Shoulder Grant	28,000	28,000	12,633	(15,367)
Realized Highway 101 ROW Excess Fund	250,000	250,000	92,974	(157,026)
Total Revenues	11,408,561	12,172,623	8,917,957	(3,254,666)
EXPENDITURES				
Administration:				
Salaries & Benefits	1,037,875	1,037,875	948,365	89,510
Office Supplies	5,000	5,000	58	4,942
Updates and Technical Support for TAM Website	-	-	5,054	(5,054)
Legal Services	10,000	10,000	5,270	4,730
Document/Video/Marketing Material Production	20,000	20,000	935	19,065
Memberships	12,500	12,500	2,500	10,000
Travel/Meetings/Conferences	6,500	6,500	420	6,080
Human Resources/Board Support	5,000	5,000	-	5,000
Professional Services:				
CMP Update/Traffic Monitoring	10,000	10,000	15,364	(5,364)
Traffic Model Maintenance & Update	40,000	40,000	-	40,000
Trip Monitoring and Reporting	25,000	25,000	37,077	(12,077)
Project Management Oversight	100,000	100,000	86,759	13,241
HOV Gap Closure Mitigation - Brookdale				
/Maintenance	2,500	2,500	5,000	(2,500)

See accompanying note to required supplementary information.

TRANSPORTATION AUTHORITY OF MARIN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL FOR GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final Variances
EXPENDITURES - continued				
Professional Services:				
State Legislative Assistance	46,000	46,000	44,100	1,900
North-South Greenway Gap Closure / PS&E & Services	275,000	275,000	205,819	69,181
Public Outreach Service Support	15,000	15,000	-	15,000
Bus On Shoulder Feasibility Study	28,000	28,000	14,356	13,644
Vision Plan Progress Report	100,000	100,000	-	100,000
Equity Framework	100,000	100,000	-	100,000
Consulting Pool	5,000	5,000	-	5,000
Interagency Agreements:				
North-South Greenway (Northern Segment)	7,500,000	8,264,062	7,417,268	846,794
HOV Gap Closure Offsite Landscaping Mitigation Funding Agreement - Caltrans	400,000	400,000	-	400,000
San Anselmo-Hub Reconfiguration Phase I Study	159,000	159,000	213,737	(54,737)
SR Canal Neighborhood CBTP	75,000	75,000	-	75,000
Caltrans MSN B7 PSE/ROW Support/Capital	1,007,500	1,007,500	44,288	963,212
Caltrans MSN B8 PSE/ROW Support/Capital	250,000	250,000	48,685	201,315
NS (North) Coop Larkspur Con Management	180,000	180,000	-	180,000
Total Expenditures	11,414,875	12,178,937	9,095,056	3,083,881
Excess of Revenues Over (Under)				
Expenditures	(6,314)	(6,314)	(177,099)	(170,785)
Fund Balance - Beginning	1,116,881	1,116,881	1,116,881	-
Fund Balance - Ending - Budgetary Basis	\$1,110,567	\$1,110,567		\$ (170,785)
Reconciling Items				
GASB 31 - fair market value adjustment on investments			(180,263)	
Fund Balance - Ending - GAAP Basis			\$ 759,520	

See accompanying note to required supplementary information.

TRANSPORTATION AUTHORITY OF MARIN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL FOR TFCA FUND

FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variances - Positive (Negative) Final to Actual
	Original	Final	Actual	
REVENUES				
Interest Revenue	\$ 15,000	\$ 15,000	\$ 4,954	\$ (10,046)
Regional TFCA Competitive Grant	283,637	283,637	-	(283,637)
Transportation For Clean Air Funding	335,000	335,000	354,562	19,562
Total Revenues	633,637	633,637	359,516	(274,121)
EXPENDITURES				
Administration:				
Salaries and Benefits	25,131	25,131	26,584	(1,453)
TFCA Programs/Projects:				
TFCA - N/S Greenway Construction Grant	283,637	283,637	283,637	-
TFCA - Reimbursement of Various Capital Projects	806,563	806,563	78,988	727,575
Total Expenditures	1,115,331	1,115,331	389,209	726,122
Excess of Revenues Over (Under)				
Expenditures	(481,694)	(481,694)	(29,693)	452,001
Fund Balance - Beginning	694,760	694,760	694,760	-
Fund Balance - Ending - Budgetary Basis	\$ 213,066	\$ 213,066		\$ 452,001
Reconciling Item				
GASB 31 - fair market value adjustment on investments			(31,461)	
Fund Balance - Ending - GAAP Basis			\$633,606	

See accompanying note to required supplementary information.

TRANSPORTATION AUTHORITY OF MARIN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL FOR MEASURE A SALES TAX FUND FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variances - Positive (Negative) Final to Actual
	Original	Final	Actual	
REVENUES				
Measure A Sales Tax Revenue	\$ 50,000	\$ 50,000	\$ 76,386	\$ 26,386
Interest Revenue	200,000	200,000	70,281	(129,719)
Total Revenues	250,000	250,000	146,667	(103,333)
EXPENDITURES				
Administration				
Salaries & Benefits	-	-	58,905	(58,905)
Professional Services				
Bellam Blvd 101 Off-Ramp Improvements - Design & ROW	687,000	687,000	-	687,000
North-South Greenway PSE, Environmental, Construction Design	540,000	540,000	418,934	121,066
Measure A Sales Tax Programs/Projects:				
Bike/Ped Path Maintenance	-	-	248,000	(248,000)
Substrategy 3.1 - Major Roads	10,300,000	5,300,000	158,150	5,141,850
Substrategy 4.1 - Safe Routes to Schools	-	-	62,475	(62,475)
Substrategy 4.2 - Crossing Guards	-	-	79,450	(79,450)
Substrategy 4.3 - Safe Pathway Capital Projects	661,000	661,000	569,465	91,535
Interagency Agreements:				
Various Agencies - Bike/Ped Path Maintenance			26,299	
Marin Transit Bus Facility	1,100,000	1,100,000	-	1,100,000
Marin County Drake/Cole Improvement Project	68,000	68,000	-	68,000
San Rafael - Canal Crosswalk Improvement Project	248,000	248,000	-	248,000
Sausalito Gate 6 Intersection Modification Project	100,000	100,000	-	100,000
Total Expenditures	13,704,000	8,704,000	1,621,678	7,108,621
Excess of Revenues Over (Under)				
Expenditures	(13,454,000)	(8,454,000)	(1,475,012)	6,978,988
Fund Balance - Beginning	11,780,173	11,780,173	11,780,173	-
Fund Balance - Ending - Budgetary Basis	\$(1,673,827)	\$3,326,173		\$6,978,988
Reconciling Item				
GASB 31 - fair market value adjustment on investments			(371,909)	
Fund Balance - Ending - GAAP Basis			\$9,933,253	

See accompanying note to required supplementary information.

TRANSPORTATION AUTHORITY OF MARIN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL FOR MEASURE AA SALES FUND

FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
REVENUES				
Measure AA Sales Tax Revenue	\$ 27,450,000	\$ 27,450,000	\$ 34,678,007	\$ 7,228,007
Interest Revenue	100,000	100,000	169,512	69,512
Total Revenues	27,550,000	27,550,000	34,847,519	7,297,519
EXPENDITURES				
Administration				
Salaries and Benefits	1,461,184	1,461,184	1,419,953	41,231
Office Lease	227,202	227,202	234,669	(7,467)
Agencywide IT and Computer Equipment Upgrade	40,000	40,000	10,785	29,215
Equipment Purchase/Lease	10,000	10,000	4,251	5,749
Telephone/Internet/ Web Hosting Services	25,000	25,000	21,961	3,039
Office Supplies	24,000	24,000	28,330	(4,330)
Update/Improvement of TAM Website	25,000	25,000	15,154	9,846
Insurance	12,000	12,000	13,716	(1,716)
Financial Audit	23,000	23,000	20,000	3,000
Legal Services	15,000	15,000	4,582	10,418
Document/Video/Marketing Material Production	20,000	20,000	21,842	(1,842)
Memberships	6,000	6,000	11,252	(5,252)
Travel/Meetings/Conferences	20,000	20,000	17,119	2,881
Professional Development	5,000	5,000	5,745	(745)
Human Resources/Board Support	20,000	20,000	4,764	15,236
Information Technology Support	45,000	45,000	28,740	16,260
Annual Support & Upgrade of Financial System	10,000	10,000	6,898	3,102
Professional Services				
Bellam Blvd 101 Off-ramp Improvements - Design & R/W	500,000	500,000	33,532	466,468
Project Management Oversight	80,000	80,000	20,077	59,923
Financial Advisor/Sales Tax Audit Services	10,000	10,000	17,718	(7,718)

See accompanying note to required supplementary information.

TRANSPORTATION AUTHORITY OF MARIN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET ACTUAL FOR MEASURE AA SALES FUND – CONTINUED FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Measure AA Sales Tax Programs/Projects:				
Measure A/AA Compliance Audit	20,000	20,000	15,500.00	4,500
Consulting Pool	5,000	5,000	19,798	(14,798)
Major Roads/Set Aside	-	5,000,000	3,195,998	1,804,002
Category 1.1 - MSN B7/B8 Design/ROW/Utility	165,500	165,500	99,111	66,389
Category 1.1 - MSN B7 Construction Design	400,000	400,000		400,000
Category 1.2 - 580/101 Direct Connector Project PID &	1,500,000	1,500,000	804,018	695,982
Category 1.3 - Enhance Interchanges	1,000,000	1,000,000	775,997	224,003
Category 1.4 - Traffic Demand Management	100,000	100,000	-	100,000
Category 2.1 - Local Roads	5,208,679	5,208,679	5,208,678	1
Category 2.2 - Large Safe Pathways Capital Projects	1,600,000	1,600,000	513,871	1,086,129
Category 2.3 - Sea Level Rise	50,000	50,000	-	50,000
Category 2.4 - Innovative Technology	25,000	25,000	-	25,000
Category 3.1 - Safe Routes to School	970,000	970,000	741,694	228,306
Category 3.2 - Crossing Guards	2,000,020	2,000,020	1,622,609	377,411
Category 3.3 - Small Safe Pathway Capital Projects	300,000	300,000	182,861	117,139
Category 4.1 - Local Bus Transit Service	8,002,238	8,002,238	3,232,784	4,769,454
Category 4.2 - Rural Bus Transit Service	659,818	659,818	664,630	(4,812)
Category 4.3 - Special Needs Transit Service	2,751,942	2,751,942	2,767,189	(15,247)
Category 4.4 - School Transit Service	1,283,934	1,283,934	1,291,954	(8,020)
Category 4.5 - Bus Transit Facilities	879,757	879,757	886,173	(6,416)
Category 4.6 - Expand Access to Transit	124,499	124,499	-	124,499
Interagency Agreements:				
Caltrans & Other - MSN B7 PSE/ROW Support & Capital	1,007,500	1,007,500	-	1,007,500
Caltrans - MSN B7 Construction Capital & Support	1,026,000	1,026,000		
Various Agencies - Bike/Ped Path Maintenance	100,000	100,000		
Caltrans - 580/101 Direct Connector PID	120,000	120,000	32,931	87,069
Total Expenditures	31,878,273	36,878,273	23,996,887	11,755,386
Excess of Revenues Over (Under)				
Expenditures	(4,328,273)	(9,328,273)	10,850,633	20,178,906
Fund Balance - Beginning	19,436,982	19,436,982	19,436,982	
Fund Balance - Ending - Budgetary Basis	\$ 15,108,709	10,108,709		\$ 20,178,906
Reconciling Item				
GASB 31 - fair market value adjustment on investments			(1,112,040)	
Fund Balance - Ending - GAAP Basis			\$ 29,175,575	

See accompanying note to required supplementary information.

TRANSPORTATION AUTHORITY OF MARIN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL FOR MEASURE B VRF FUND

FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
REVENUES				
Measure B VRF Revenue	\$2,300,000	\$2,300,000	\$2,311,091	\$ 11,091
Interest Revenue	40,000	40,000	16,916	(23,084)
Total Revenues	2,340,000	2,340,000	2,328,007	(11,993)
EXPENDITURES				
Administration:				
Salaries and Benefits	124,641	124,641	189,320	(64,679)
Office Supplies	1,000	1,000	1,263	(263)
Legal Services	10,000	10,000	168	9,832
Document/Video/Marketing Material Production	5,000	5,000	1,099	3,901
Travel/Meetings/Conferences	5,000	5,000	-	5,000
Misc Expenses			-	-
Professional Services:				
Public Outreach Service Support	-	-	5,000	(5,000)
Measure B VRF Programs:				
Element 1.2 - Bike/Ped Pathways	114,000	114,000	57,396	56,604
Element 2.1 - Mobility Management Programs	100,000	100,000	100,000	0
Element 2.2 - Paratransit & Low Income Scholarships	205,000	205,000	205,000	(0)
Element 2.3 - Paratransit Plus	360,000	360,000	360,000	-
Element 2.4 - Volunteer Drive & Gap Grant	279,944	279,944	143,354	136,590
Element 3.1 - Safe Routes to School/Street Smart Program	175,000	175,000	175,000	-
Element 3.2 - Commute Alternative Programs	320,000	320,000	319,137	863
Element 3.3 - Discretionary Fuel Vehicle Program	350,000	350,000	166,668	183,333
Total Expenditures	2,049,585	2,049,585	1,723,404	326,181
Excess of Revenues Over (Under)				
Expenditures	290,415	290,415	604,603	314,188
Fund Balance - Beginning	2,619,833	2,619,833	2,619,833	-
Fund Balance - Ending - Budgetary Basis	2,910,248	2,910,248		\$ 314,188
Reconciling Item				
GASB 31 - fair market value adjustment on investments			(111,090)	
Fund Balance - Ending - GAAP Basis			\$3,113,346	

See accompanying note to required supplementary information.

TRANSPORTATION AUTHORITY OF MARIN

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PENSION CONTRIBUTIONS LAST FIVE FISCAL YEARS

Cost-Sharing Multiple-Employer Defined Benefit Pension Plan Last 5 Years

	2022	2021	2020	2019	2018 *
Proportion of the net pension liability	-0.022855%	0.006077%	0.001524%	0.008852%	0.01359%
Proportionate share of the net pension liability	(\$433,976)	\$256,313	\$61,031	\$ 333,588	\$ 343,003
Covered payroll	\$ 1,888,977	\$ 1,904,514	\$ 1,779,778	\$ 1,640,908	\$ 1,255,694
Proportionate share of the net pension liability as a percentage of covered payroll	-22.97%	13.46%	3.43%	20.33%	27.32%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	91.92%	77.71%	77.73%	77.69%	75.39%
Discount Rate	7.15%	7.15%	7.15%	7.15%	7.15%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

Note to schedule:

* 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-year trend will be compiled as it becomes available.

	2022	2021	2020	2019	2018 *
Actuarially determined contributions	\$ 192,251	\$ 193,878	\$ 180,465	\$ 550,084	\$ 115,695
Contributions in relation to the actuarially determined	(192,251)	(193,878)	(180,465)	(550,084)	(115,695)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	2,037,041	1,888,977	1,904,514	1,779,778	1,640,908
Contributions as a percentage of covered payroll	9.44%	10.26%	9.48%	30.91%	7.05%

See accompanying note to required supplementary information.

TRANSPORTATION AUTHORITY OF MARIN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS LAST THREE FISCAL YEARS

Single-Employer Defined Benefit OPEB Plan Last 3 Years

	2022	2021	2020
Net OPEB Liability			
Service Cost	\$ 67,912	\$ 62,290	\$ 56,468
Changes of benefit terms	-	-	413,559
Interest	14,571	19,382	2,185
Differences between expected and actual experience	-	(65,378)	
Changes of assumptions	5,069	87,693	24,642
Benefit payments	(14,532)	(13,904)	-
Net change in total OPEB liability	73,020	90,083	496,854
Net OPEB liability - Beginning	586,937	496,854	-
Net OPEB liability - Ending	\$ 659,957	\$ 586,937	\$ 496,854
Plan Fiduciary Net Position			
Contributions - Employer	14,532	41,404	-
Net investment income	5,477	377	-
Benefit payments	(14,532)	(13,904)	-
Administrative expenses	(10)	(8)	-
Net change in plan fiduciary net position	5,467	27,869	-
Plan fiduciary net position - Beginning	27,869	-	-
Plan fiduciary net position - Ending	\$ 33,336	\$ 27,869	\$ -
Plan net OPEB liability	\$ 626,621	\$ 559,068	\$ 496,854
Covered-Employee Payroll	\$ 1,888,977	\$ 1,904,514	\$ 1,779,778
Net OPEB Liabilities as a Percentage of Payroll	33.17%	29.35%	27.92%
Discount Rate	2.20%	2.25%	3.51%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019

See accompanying note to required supplementary information.

TRANSPORTATION AUTHORITY OF MARIN

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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 and interfund transfers.

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.

NOTE 3 - TOTAL OPEB LIABILITIES

TAM's OPEB benefits became effective in fiscal year ended June 30, 2019. TAM's OPEB trust contributions to CalPERS were made in FY2019-20.

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STATISTICAL SECTION

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STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

TRANSPORTATION AUTHORITY OF MARIN

FINANCIAL TRENDS – NET POSITION BY COMPONENT LAST TEN FISCAL YEARS

	Fiscal Years Ending June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities:										
Restricted										
Corte Madera Project	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,002	\$ 9,984	\$ 224,527
CMA Projects/Programs	\$ 887,015	\$ 942,316	\$ 706,094	\$ 1,111,365	\$ 1,654,299	\$ 1,807,945	\$ 2,047,909	\$ 2,266,878	\$ 1,582,014	\$ 1,170,448
TFCA Projects/Programs	\$ 636,760	\$ 690,212	\$ 1,663,908	\$ 1,621,585	\$ 1,288,964	\$ 1,148,177	\$ 1,124,769	\$ 1,537,359	\$ 1,262,147	\$ 1,095,396
Measure A Projects/Programs	\$ 9,952,402	\$ 11,783,972	\$ 23,817,466	\$ 33,739,210	\$ 33,503,019	\$ 41,151,805	\$ 42,617,597	\$ 35,543,695	\$ 28,474,843	\$ 29,449,205
Measure AA Projects/Programs	\$ 29,746,451	\$ 19,514,817	\$ 15,341,061	\$ 6,249,615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Measure B Projects/Programs	\$ 3,135,803	\$ 2,587,600	\$ 2,094,195	\$ 3,869,294	\$ 3,211,734	\$ 2,548,561	\$ 3,938,953	\$ 2,983,990	\$ 2,290,173	\$ 3,321,096
Total Governmental										
Activities Net Position	<u>\$44,358,431</u>	<u>\$35,518,918</u>	<u>\$43,622,724</u>	<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>

TRANSPORTATION AUTHORITY OF MARIN

FINANCIAL TRENDS – CHANGES IN NET POSITION LAST TEN FISCAL YEARS

EXPENSES	Fiscal Years Ending June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities:										
Congestion Management	\$ 35,982,143	\$ 49,113,994	\$ 37,973,856	\$ 34,879,040	\$ 42,395,402	\$ 39,766,538	\$ 29,891,239	\$ 25,207,772	\$ 32,378,764	\$ 26,126,024
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,308	\$ 70,695	\$ 125,431	\$ 178,559
Total Expenses	\$ 35,982,143	\$ 49,113,994	\$ 37,973,856	\$ 34,879,040	\$ 42,395,402	\$ 39,766,538	\$ 29,905,547	\$ 25,278,467	\$ 32,504,195	\$ 26,304,583
REVENUES										
Program Revenues:										
Grants and Contributions	\$ 9,232,310	\$ 7,729,826	\$ 3,234,508	\$ 8,081,927	\$ 6,329,413	\$ 8,024,309	\$ 8,535,259	\$ 5,657,885	\$ 4,225,369	\$ 5,092,646
Total Revenues	\$ 9,232,310	\$ 7,729,826	\$ 3,234,508	\$ 8,081,927	\$ 6,329,413	\$ 8,024,309	\$ 8,535,259	\$ 5,657,885	\$ 4,225,369	\$ 5,092,646
Net (Expense)/Revenue	<u>\$ (26,749,833)</u>	<u>\$ (41,384,168)</u>	<u>\$ (34,739,348)</u>	<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>
GENERAL REVENUES										
Governmental Activities:										
Sales Tax	\$ 34,793,147	\$ 30,695,297	\$ 27,435,968	\$ 29,398,854	\$ 26,541,399	\$ 26,147,374	\$ 25,698,829	\$ 25,844,739	\$ 24,086,678	\$ 23,619,507
Vehicle Registration	\$ 2,311,091	\$ 2,404,319	\$ 2,327,292	\$ 2,417,118	\$ 2,386,486	\$ 2,399,640	\$ 2,376,492	\$ 2,333,642	\$ 2,347,339	\$ 2,280,255
Investment Earnings	\$ (1,514,891)	\$ 180,746	\$ 2,007,743	\$ 1,914,194	\$ 139,632	\$ 122,475	\$ 682,270	\$ 164,964	\$ 203,298	\$ 47,466
Total General Revenues	\$ 35,589,347	\$ 33,280,362	\$ 31,771,003	\$ 33,730,166	\$ 29,067,517	\$ 28,669,489	\$ 28,757,591	\$ 28,343,345	\$ 26,637,315	\$ 25,947,228
Governmental Activities										
Change in Net Position	<u>\$ 8,839,514</u>	<u>\$ (8,103,806)</u>	<u>\$ (2,968,345)</u>	<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>

TRANSPORTATION AUTHORITY OF MARIN

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

	Fiscal Years Ending June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	\$ 759,520	\$ 1,116,884	\$ 899,880	\$ 755,114	\$ 1,770,058	\$ 1,807,945	\$ 2,047,909	\$ 1,687,929	\$ 1,582,014	\$ 1,170,448
Total General Fund	<u>\$ 759,520</u>	<u>\$ 1,116,884</u>	<u>\$ 899,880</u>	<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>
All Other Funds										
Nonspendable	\$ 21,444	\$ 21,444	\$ 21,444	\$ 24,140	\$ 29,111	\$ 21,444	\$ 21,444	\$ 40,496	\$ -	\$ -
Restricted	\$42,834,335	\$34,510,303	\$42,382,108	\$45,067,562	\$38,134,462	\$43,860,646	\$47,085,034	\$40,988,405	\$34,856,630	\$38,720,601
Total Sales Tax Program	<u>\$42,855,779</u>	<u>\$34,531,747</u>	<u>\$42,403,552</u>	<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>

TRANSPORTATION AUTHORITY OF MARIN

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

	Fiscal Years Ending June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
REVENUES										
Sales Tax	\$34,754,393	\$30,832,521	\$27,345,662	\$28,976,082	\$27,507,852	\$25,755,762	\$25,702,937	\$25,265,790	\$24,086,678	\$23,619,507
Vehicle Registration Fee	\$ 2,311,091	\$ 2,404,319	\$ 2,327,292	\$ 2,417,118	\$ 2,386,486	\$ 2,399,640	\$ 2,376,492	\$ 2,333,642	\$ 2,347,339	\$ 2,280,255
Investment Earnings	\$ (1,514,891)	\$ 180,746	\$ 2,007,743	\$ 1,914,194	\$ 139,632	\$ 122,475	\$ 682,270	\$ 164,964	\$ 203,298	\$ 47,466
Project and Program Revenues	\$ 9,242,310	\$ 7,744,826	\$ 3,194,508	\$ 8,081,927	\$ 6,329,413	\$ 8,024,309	\$ 8,535,259	\$ 5,657,885	\$ 4,225,369	\$ 5,092,646
Total Revenues	\$44,792,903	\$41,162,412	\$34,875,205	\$41,389,321	\$36,363,383	\$36,302,186	\$37,296,958	\$33,422,281	\$30,862,684	\$31,039,874
EXPENDITURES										
Congestion management - Current										
Administration	\$ 3,069,428	\$ 3,051,243	\$ 3,154,148	\$ 3,378,703	\$ 3,058,896	\$ 3,013,630	\$ 2,857,963	\$ 2,342,920	\$ 2,221,074	\$ 2,417,234
Professional Services	\$ 685,578	\$ 1,178,698	\$ 2,629,748	\$ 4,216,373	\$ 2,803,406	\$ 2,965,064	\$ 1,717,395	\$ 2,979,268	\$ 2,511,401	\$ 3,734,763
Measure A	\$ 1,143,839	\$12,144,379	\$ 9,737,500	\$21,849,187	\$28,668,609	\$25,351,395	\$18,357,291	\$16,753,135	\$23,592,718	\$18,017,836
Measure AA	\$22,108,424	\$22,768,626	\$16,896,486	\$ 182,971	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Measure B	\$ 1,531,554	\$ 1,718,579	\$ 4,098,404	\$ 1,790,363	\$ 1,556,536	\$ 3,632,620	\$ 1,290,574	\$ 1,547,808	\$ 3,285,753	\$ 839,395
Interagency Agreements	\$ 7,924,784	\$ 6,644,955	\$ 535,629	\$ 3,992,151	\$ 5,855,948	\$ 4,526,973	\$ 4,902,359	\$ 1,541,444	\$ 596,806	\$ 220,459
Other Capital Expenditures	\$ 362,625	\$ 1,310,733	\$ 366,674	\$ 66,388	\$ 176,392	\$ 276,856	\$ 765,658	\$ 43,196	\$ 171,012	\$ 896,338
Debt Service										
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 953,854	\$ 1,865,628	\$ 1,810,894	\$ 1,757,765
Interest and Fiscal Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,308	\$ 70,696	\$ 125,431	\$ 178,559
Total Expenditures	\$36,826,234	\$48,817,213	\$37,418,589	\$35,476,136	\$42,119,787	\$39,766,538	\$30,859,402	\$27,144,095	\$34,315,089	\$28,062,349
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 7,966,669	\$ (7,654,801)	\$ (2,543,384)	\$ 5,913,185	\$ (5,756,404)	\$ (3,464,352)	\$ 6,437,556	\$ 6,278,186	\$ (3,452,405)	\$ 2,977,525
NET CHANGE IN FUND BALANCES	\$ 7,966,669	\$ (7,654,801)	\$ (2,543,384)	\$ 5,913,185	\$ (5,756,404)	\$ (3,464,352)	\$ 6,437,556	\$ 6,278,186	\$ (3,452,405)	\$ 2,977,525
Fund Balances - Beginning	\$43,303,432	\$43,303,432	\$45,846,816	\$39,933,631	\$45,690,035	\$49,154,387	\$42,716,831	\$36,438,645	\$39,891,050	\$36,913,525
Fund Balances - Ending	\$51,270,101	\$35,648,631	\$43,303,432	\$45,846,816	\$39,933,631	\$45,690,035	\$49,154,387	\$42,716,831	\$36,438,645	\$39,891,050

TRANSPORTATION AUTHORITY OF MARIN

REVENUE CAPACITY – SALES TAX REVENUE COLLECTION LAST TEN FISCAL YEARS

Fiscal Year Ended June 30:	Sales Tax Rate	Sales Tax Revenue	Annual Growth
2022	0.50%	\$ 34,754,393	12.72%
2021	0.50%	\$ 30,832,521	12.75%
2020	0.50%	\$ 27,345,662	-5.63%
2019	0.50%	\$ 28,976,082	5.34%
2018	0.50%	\$ 27,507,852	6.80%
2017	0.50%	\$ 25,755,761	0.21%
2016	0.50%	\$ 25,702,937	1.73%
2015	0.50%	\$ 25,265,790	4.90%
2014	0.50%	\$ 24,086,678	1.98%
2013	0.50%	\$ 23,619,507	11.07%

* Amount was estimated based on the sales tax collected.

Source: California Department of Tax and Fee Administration.

TRANSPORTATION AUTHORITY OF MARIN

REVENUE CAPACITY – SALES TAX RATES BY JURISDICTION LAST TEN FISCAL YEARS

Effective on	Oct-22	Apr-21	Apr-20	Apr-19	Apr-18	Apr-17	Apr-16	Apr-15	Apr-14	Apr-13
Belvedere	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.50%	8.50%	8.50%	8.50%
Corte Madera	9.00%	9.00%	9.00%	9.00%	8.75%	8.75%	9.00%	9.00%	9.00%	8.50%
Fairfax	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
Larkspur	9.00%	9.00%	9.00%	9.00%	9.00%	8.75%	9.00%	9.00%	9.00%	8.50%
Mill Valley	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.50%	8.50%	8.50%	8.50%
Novato	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.75%	9.00%	9.00%	9.00%
Ross	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.50%	8.50%	8.50%	8.50%
San Anselmo	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	9.00%	9.00%	9.00%	8.50%
San Rafael	9.25%	9.25%	9.00%	9.00%	9.00%	9.00%	9.25%	9.25%	9.25%	9.00%
Sausalito	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	9.00%	9.00%	8.50%	8.50%
Tiburon	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.50%	8.50%	8.50%	8.50%
County-Unincorporated	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.50%	8.50%	8.50%	8.50%

Source: California Department of Tax and Fee Administration.

TRANSPORTATION AUTHORITY OF MARIN

REVENUE CAPACITY – VEHICLE REGISTRATION FEE REVENUE COLLECTION LAST TEN YEARS

Fiscal Year Ended		VRF	Annual
June 30:	VRF Amount	Revenue	Growth
2022	\$ 10	\$ 2,311,091	-3.88%
2021	\$ 10	\$ 2,404,319	3.31%
2020	\$ 10	\$ 2,327,292	-3.72%
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

Marin County 10-Year Fee Paid Vehicle Registration Data.

Calendar Year	Registered Vehicles	Change
2020	243,986	-2.22%
2019	249,524	0.69%
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%

Data Source: California Department of Motor Vehicle.

TRANSPORTATION AUTHORITY OF MARIN

REVENUE CAPACITY – MARIN PRINCIPAL SALES TAXPAYERS BY SEGMENT YEAR 2021 AND 2015 (NUMBERS IN 000'S)

		2021*	
Principal Revenue Payers	Rank	Total Taxes in Marin County	Percentage of Total County Taxes
All Other Outlets	1	\$ 1,538,045,564	24.78%
Motor Vehicle and Parts Dealers	2	\$ 953,301,436	15.36%
Other Retail Group	3	\$ 905,669,792	14.59%
Food Services and Drinking Places	4	\$ 638,444,670	10.28%
Building Material and Garden Equipment and Supplies	5	\$ 523,812,563	8.44%
Gasoline Stations	6	\$ 361,290,704	5.82%
Food and Beverage Stores	7	\$ 339,658,295	5.47%
General Merchandise Stores	8	\$ 333,259,779	5.37%
Clothing and Clothing Accessories Stores	9	\$ 319,333,575	5.14%
Home Furnishings and Appliance Stores	10	\$ 295,102,854	4.75%
		<u>\$ 6,207,919,232</u>	<u>100.00%</u>
		2015	
Principal Revenue Payers	Rank	Total Taxes in Marin County	Percentage of Taxable Sales
All Other Outlets	1	\$ 1,210,162	23.82%
Motor Vehicle and Parts Dealers	2	798,160	15.71%
Other Retail Group	3	606,555	11.94%
Food Services and Drinking Places	4	601,279	11.84%
Building Material and Garden Equipment and Supplies Dealers	5	359,379	7.07%
Clothing and Clothing Accessories Stores	6	344,228	6.78%
Gasoline Stations	7	325,560	6.41%
Food and Beverage Stores	8	309,365	6.09%
General Merchandise Stores	9	289,609	5.70%
Home Furnishings and Appliance Stores	10	235,961	4.64%
		<u>\$ 5,080,258</u>	<u>100.00%</u>

* 2021 is the latest information available. 2015 information is the most historical year 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 Taxable Sales
2015	\$ 953,855	\$ 4,957,363,554	0.02%
2014	2,819,483	4,769,877,022	0.06%
2013	4,630,377	4,500,246,733	0.10%
2012	6,388,143	4,185,542,250	0.15%
2011	8,094,338	3,928,074,795	0.21%

Data Source: California Department of Tax and Fee Administration

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

TRANSPORTATION AUTHORITY OF MARIN

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

Calendar Year	Population ¹	Per Capita Personal Income ²	Unemployment Rate ³
2022	257,135	*	2.4%
2021	259,512	*	4.4%
2020	260,388	\$ 145,575	7.0%
2019	261,478	\$ 138,903	2.3%
2018	262,179	\$ 132,000	2.4%
2017	262,695	\$ 125,607	2.9%
2016	263,130	\$ 115,952	3.3%
2015	262,711	\$ 111,959	3.5%
2014	261,001	\$ 104,319	4.3%
2013	258,133	\$ 96,885	5.2%

* Information not available.

Data Source:

1. State of California, Department of Finance; E-1 Population Estimates for Cities, Counties, and the State
2. US Bureau of Economic Analysis.
3. Employment Development Department, Labor Market Information

TRANSPORTATION AUTHORITY OF MARIN

DEMOGRAPHIC AND ECONOMIC INFORMATION – PRINCIPAL EMPLOYERS YEAR ONE AND TEN

Employer	Rank	2021	
		Number of Employees	Percentage of Total County Employment
County of Marin	1	2,366	1.89%
Kaiser Permanente	2	2,059	1.64%
BioMarin Parmaceutical	3	1,868	1.49%
San Quentin State Prison	4	1,543	1.23%
Marin General Hospital	5	1,279	1.02%
Glassdoor	7	1,092	0.87%
Novato Unified School District	6	800	0.64%
San Rafael City Schools	9	659	0.53%
Marin Community Clinics	10	594	0.47%
Marin County Office of Education	8	462	0.37%
Total		12,722	10.15%
Total County Employment		125,400	

¹ Most recent information available.

Employer	Rank	2012	
		Number of Employees	Percentage of Total County Employment
County of Marin	1	2,033	1.64%
Kaiser Permanente	2	1,803	1.45%
San Quentin State Prison	3	1,802	1.45%
Marin General Hospital	4	1,100	0.89%
Fireman's Fund Insurance Co.	5	950	0.76%
Autodesk, Inc.	6	878	0.71%
BioMarin Parmaceutical	7	871	0.70%
Safeway, Inc.	8	840	0.68%
Novato Unified School District	9	813	0.65%
Comcast	10	620	0.50%
Total		11,710	9.43%
Total County Employment		124,200	

Data Source:

County of Marin Annual Comprehensive Financial Report for years prior.

Community Profile, County of Marin

Employment Development Department, Labor Market Information: <http://www.labormarketinfo.edd.ca.gov/>

TRANSPORTATION AUTHORITY OF MARIN

OPERATING INFORMATION – FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION FISCAL YEAR 202-21

Function	Fiscal Year Ending June 30,				
	2022	2021	2020	2019	2018 *
Capital Project	3.00	3.00	3.00	3.00	3.00
Executive	1.00	1.00	1.00	1.00	1.00
Finance and Administration	4.80	4.80	4.80	4.80	4.80
Planning	1.50	1.50	1.50	1.50	1.50
Policy and Programming	1.50	1.50	1.50	1.50	1.50
Public Outreach	1.00	1.00	1.00	1.00	1.00
Total Employees	12.80	12.80	12.80	12.80	12.80

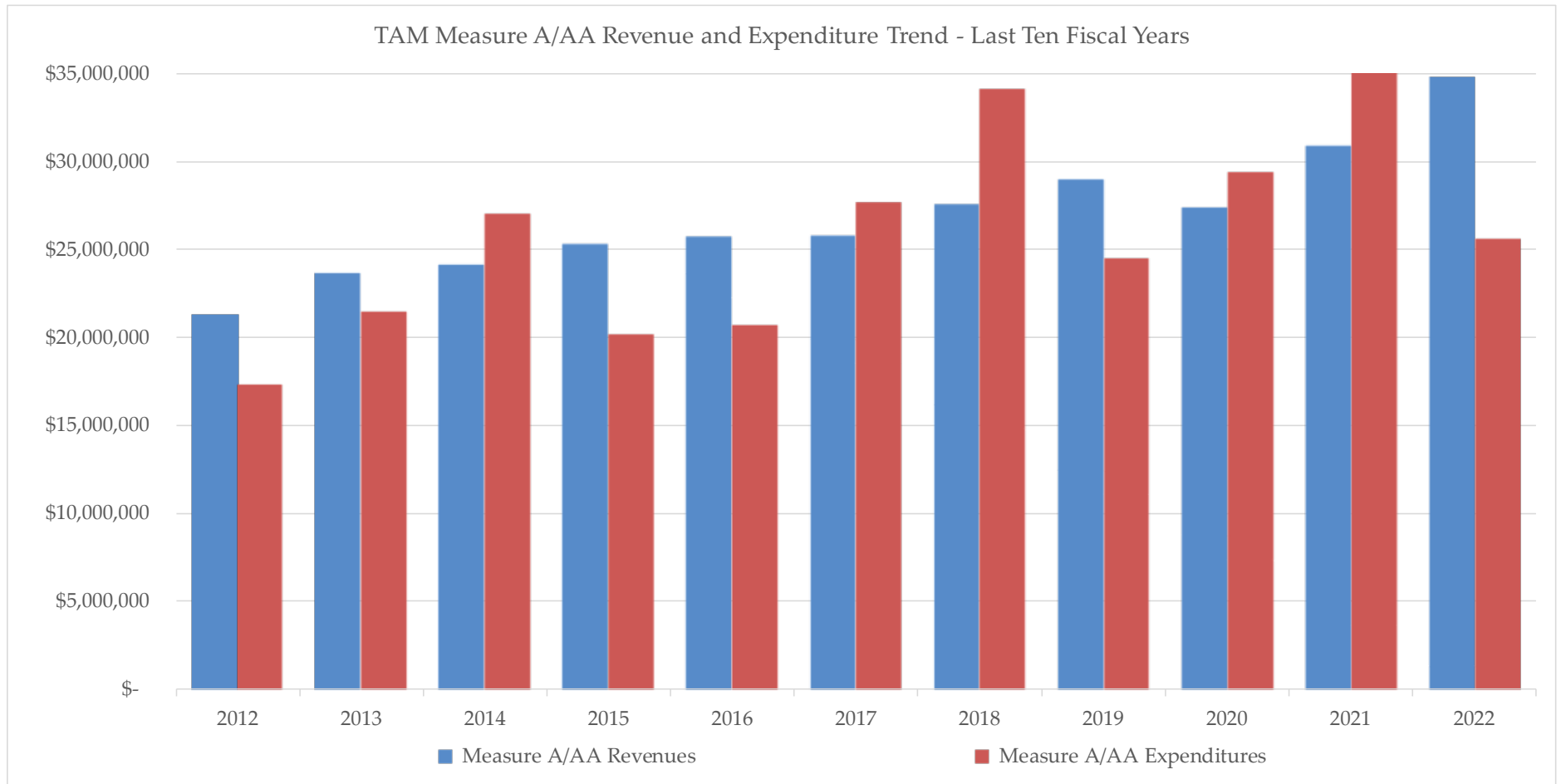
* TAM had no directly hired employees prior to 2018.

TRANSPORTATION AUTHORITY OF MARIN

OPERATING INFORMATION LAST TEN FISCAL YEARS

Fiscal Year Ending June 30

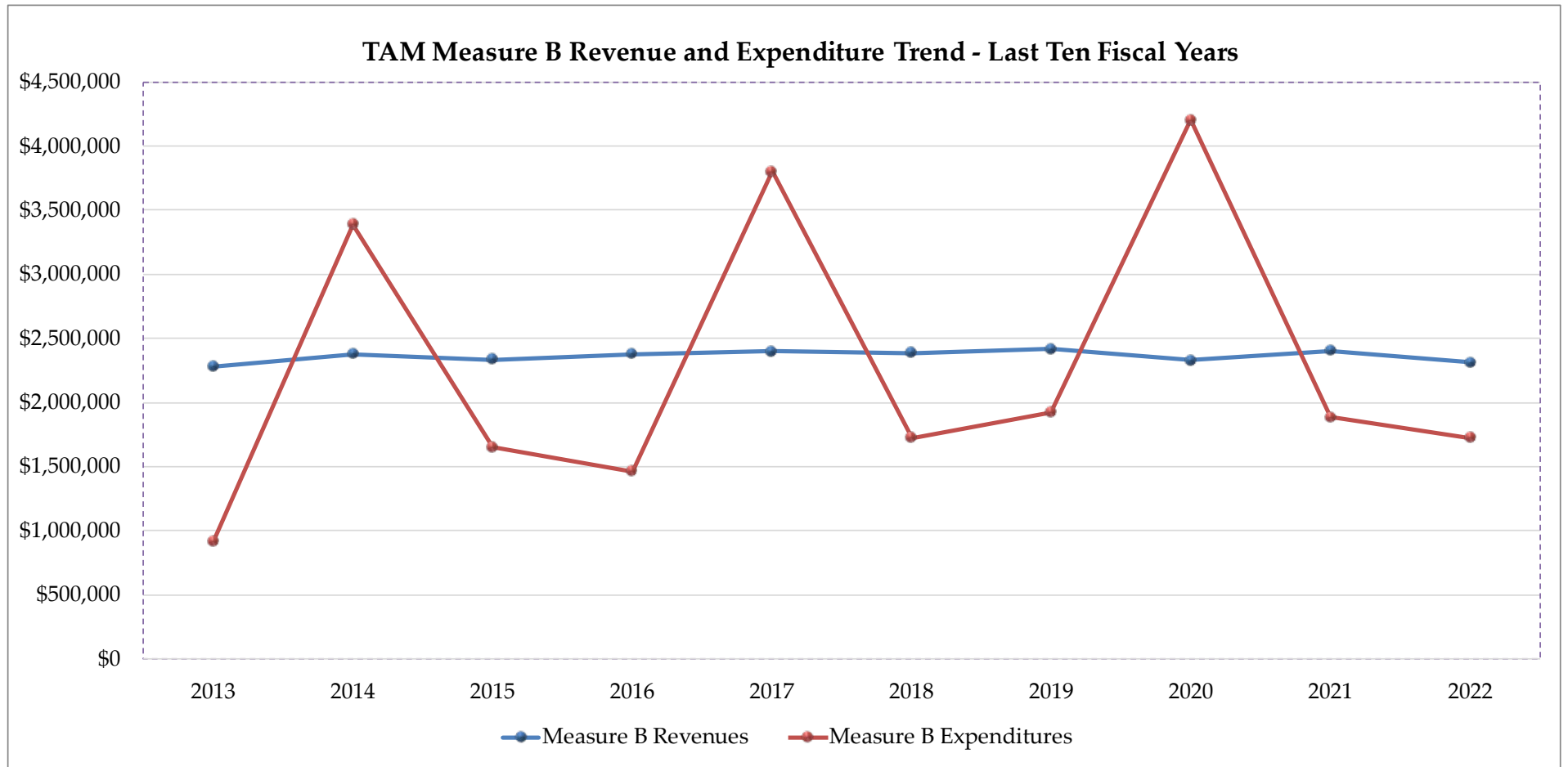
	#	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Measure A/AA Revenues		\$ 23,619,507	\$ 24,086,678	\$ 25,265,790	\$ 25,702,937	\$ 25,755,762	\$ 27,507,852	\$ 28,976,082	\$ 27,345,662	\$ 30,832,521	\$ 34,754,393
Measure A/AA Expenditures		\$ 21,529,570	\$ 27,060,625	\$ 20,209,360	\$ 20,767,118	\$ 27,706,397	\$ 34,146,069	\$ 24,503,475	\$ 29,439,432	\$ 38,396,635	\$ 25,618,565



TRANSPORTATION AUTHORITY OF MARIN

OPERATING INFORMATION LAST TEN FISCAL YEARS

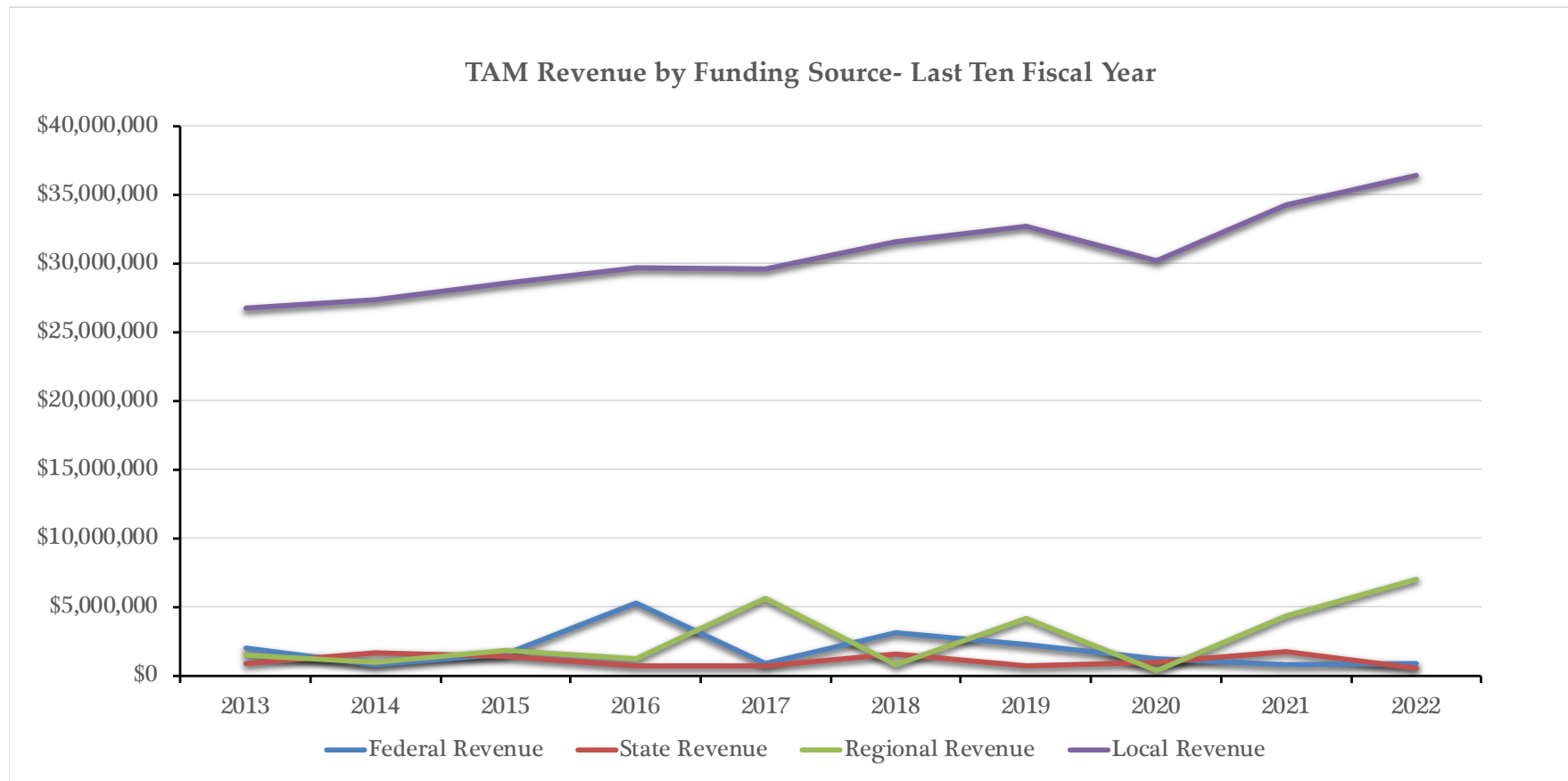
	Fiscal Year Ending June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Measure B Revenues	2,280,255	2,376,492	2,333,642	2,376,492	2,399,640	2,386,486	2,417,118	2,327,292	2,404,319	2,311,091
Measure B Expenditures	913,598	3,388,792	1,649,384	1,460,587	3,801,628	1,721,647	1,923,138	4,203,134	1,886,189	1,723,404



TRANSPORTATION AUTHORITY OF MARIN

OPERATING INFORMATION LAST TEN FISCAL YEARS

	Fiscal Year Ending June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Federal Revenue	2,005,678	763,713	1,591,156	5,301,158	840,442	3,124,051	2,238,572	1,258,585	814,473	860,748
State Revenue	864,490	1,674,388	1,418,942	716,923	665,974	1,530,790	719,436	993,156	1,707,370	554,574
Regional Revenue	1,442,889	977,992	1,862,025	1,259,013	5,597,422	753,288	4,200,382	383,768	4,364,229	6,972,426
Local Revenue	26,726,817	27,374,883	28,599,290	29,726,691	29,602,211	31,592,668	32,739,508	30,231,953	34,276,340	36,405,155
Total	31,039,874	30,790,976	33,471,413	37,003,785	36,706,049	37,000,797	39,897,898	32,867,462	41,162,412	44,792,903



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, and The Transportation Development Act Section 6666 of Title 21 of California Code of Regulation

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Transportation Authority of Marin (Authority), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated DRAFT.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements including the applicable provisions of section 6666 of Title 21 of California Code of Regulation and the allocation instructions of the Metropolitan Transportation Commission (MTC), noncompliance with which could have a direct and material effect on the financial statements. 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*, Section 6666 of Title 21 of the California Regulations, or and the allocation instructions of the Metropolitan Transportation Commission (MTC).

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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DRAFT

Menlo Park, California
DRAFT



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 (Authority)'s compliance with the 5% administration cost cap limit (Limit) contained in the Marin County Transportation Sales Tax Expenditure Plan for the year ended June 30, 2022.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Authority's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. 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 the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

Opinion

In our opinion, the Authority complied, in all material respects, with the requirements referred to above for the year ended June 30, 2022.

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.

Menlo Park, California
[DATE OF REPORT]



Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Transportation Authority of Marin (Authority)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Authority's major federal programs for the year ended June 30, 2022. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal programs for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Authority's compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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

Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

DRAFT

Menlo Park, California
DRAFT

TRANSPORTATION AUTHORITY OF MARIN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/ 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	\$ 960,972	\$ 213,737
Subtotal			960,972	213,737
Total U.S. Department of Transportation/Highway Planning and Construction			\$ 960,972	\$ 213,737

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2022

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, 2021. 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 TAM, 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, except for sub-recipient pass-through expenditures, which are reported on the cash basis. 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 does not draw for indirect administrative expenses and has not 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, 2022

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, 2022**

FINANCIAL STATEMENT FINDINGS

None reported.

TRANSPORTATION AUTHORITY OF MARIN

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022**

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

TRANSPORTATION AUTHORITY OF MARIN

SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2022

None reported.