

TRANSPORTATION AUTHORITY OF MARIN

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023



MAKING THE MOST OF MARIN COUNTY TRANSPORTATION DOLLARS

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TRANSPORTATION AUTHORITY OF MARIN

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INTRODUCTORY SECTION

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December 14, 2023

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Urban Carmel

Novato
Rachel Farac

Ross
P. Beach Kuhl

San Anselmo
Brian Colbert

San Rafael
Kate Colin

Sausalito
Melissa Blaustein

Tiburon
Alice Fredericks

County of Marin
Mary Sackett
Katie Rice
Stephanie Moulton-Peters
Dennis Rodoni
Eric Lucan

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, 2023. The financial statements are presented in conformity with generally accepted accounting principles and 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, 2023.

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.

Maze & Associates, an independent audit firm, has issued an unmodified ("clean") opinion on TAM's financial statements for the year ended June 30, 2023. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE OF THE AGENCY

TAM 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 essential 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 voter-set priorities while also providing funding for additional projects and programs, such as the Marin Sonoma Narrows (MSN) Project, US 101/I-580 Multi-Modal and Local Access Improvement Project, Highway 101 Interchange & Approaching Roadway Study, innovative technology and sea level rise resiliency.

TAM also administers the revenues and expenditures of Measure B, the \$10 Vehicle Registration Fee (VRF), per the Expenditure Plan, first approved by the voters in 2010 and amended in February 2023 by the TAM Board as directed by the original Expenditure Plan. Revenues collected from Measure B help maintain local roads and pathway networks, now with a focus on capital improvements of safety, bike and pedestrian elements; 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/electric vehicle 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/AA and Measure B revenues and performs project delivery monitoring to assist with project/program implementation. TAM also prepares a 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) funds 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 16-member Board of Commissioners includes 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 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 Pandemic and Its Lingering Impacts

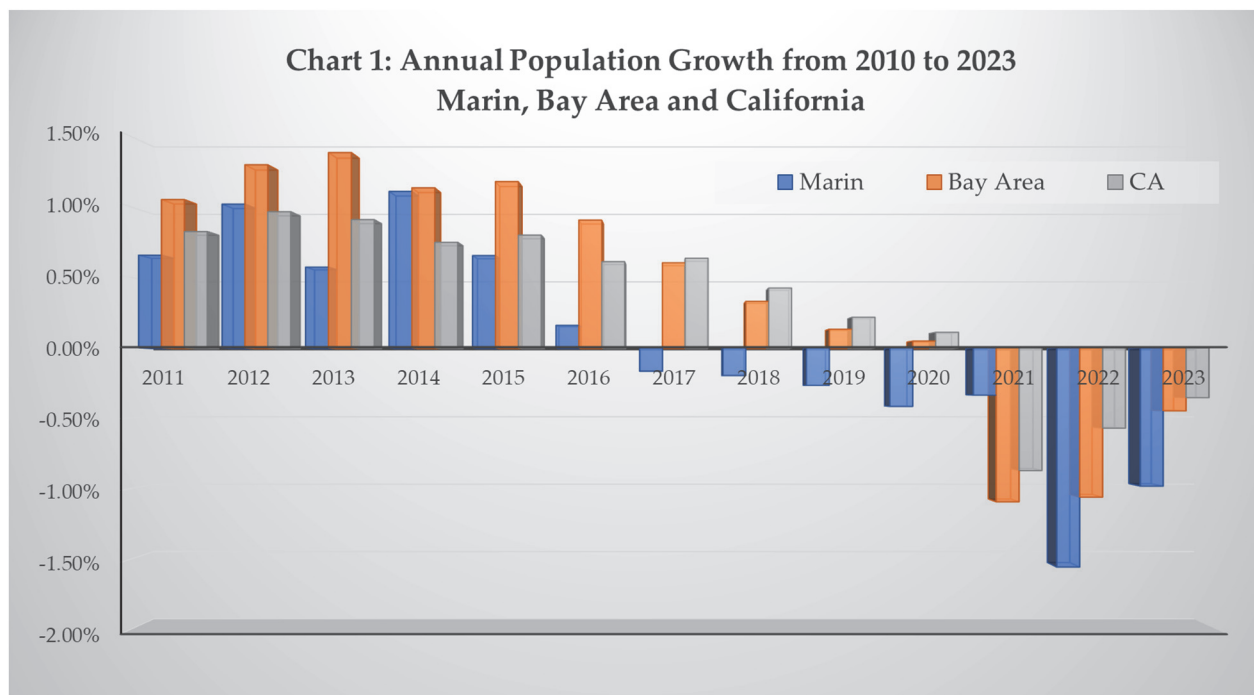
Even though the COVID-19 pandemic officially ended in late 2022, the extent of the time and effort needed to recover from the social, economic, and fiscal shock of the pandemic is still hard to grasp. While the short-term impacts are obvious and being addressed, it will take time to adapt and adjust to the long-term effects of the pandemic in the US and worldwide.

Due to the nature of its operation and revenue sources, TAM has experienced less disruption to its daily operations and stayed in a healthy, stable financial position throughout the pandemic, with the sales tax revenue benefiting significantly from the work from home and new hybrid working arrangements. On the other hand, many of our partner agencies experienced major interruptions and negative impacts on their operations and projects/programs, especially transit operators such as Marin Transit, Golden Gate Bridge Highway & Transportation District (GGBHTD) and Sonoma-Marín Area Rail Transit (SMART). TAM, along with all our partner agencies, is 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 a time with many ongoing challenges, including economic uncertainty, geopolitical instability, climate change, social equity issues, etc.

Major Economic and Sales Tax Revenue Trend Indicators

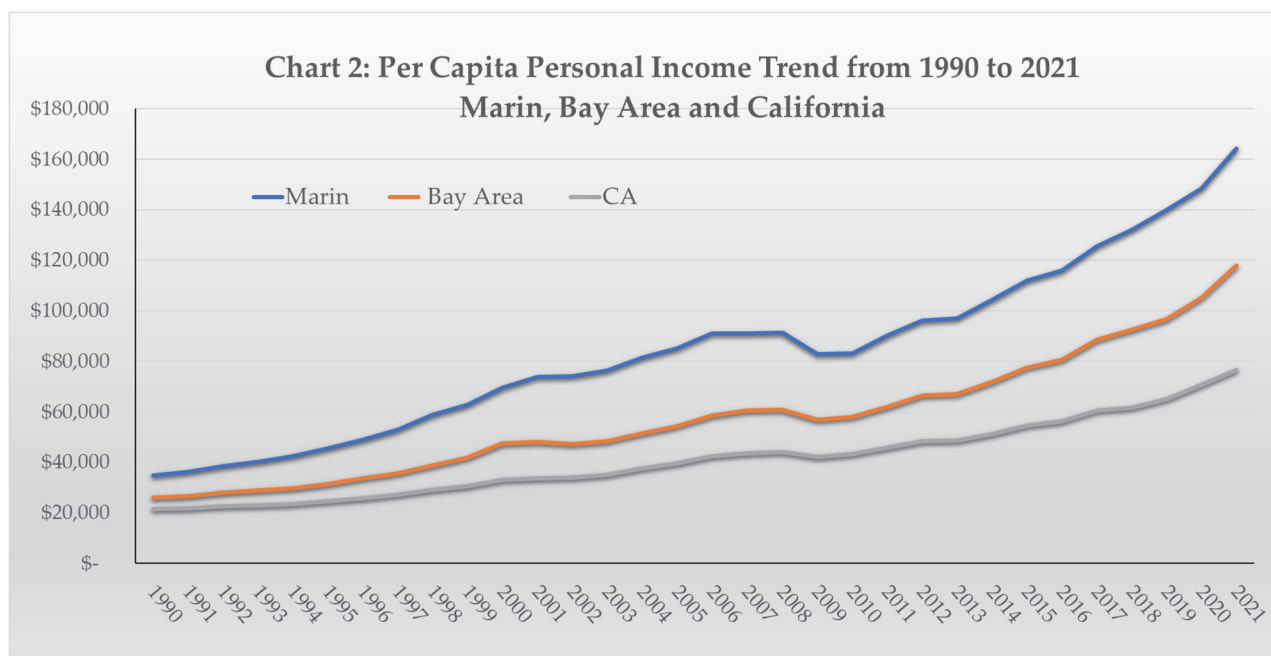
Major factors affecting the economy and sales tax revenues include population, personal income, and unemployment rate.

According to the data provided by the California Department of Finance (DOF), between 2010 and 2023, Marin County experienced population increases until 2016 and since then the population has declined annually year over year. DOF's population estimate for Marin as of January 2023 is at 252,959, only 550 more than the population level of 2010 (252,409). Between 2016 and 2023, Marin has lost a total of 10,171 people. As shown in "Chart 1: Annual Population Growth from 2010 to 2023, Marin, Bay Area and California", Marin's population grew slower than the Bay Area and the State overall and experienced much faster decline in the recent years.



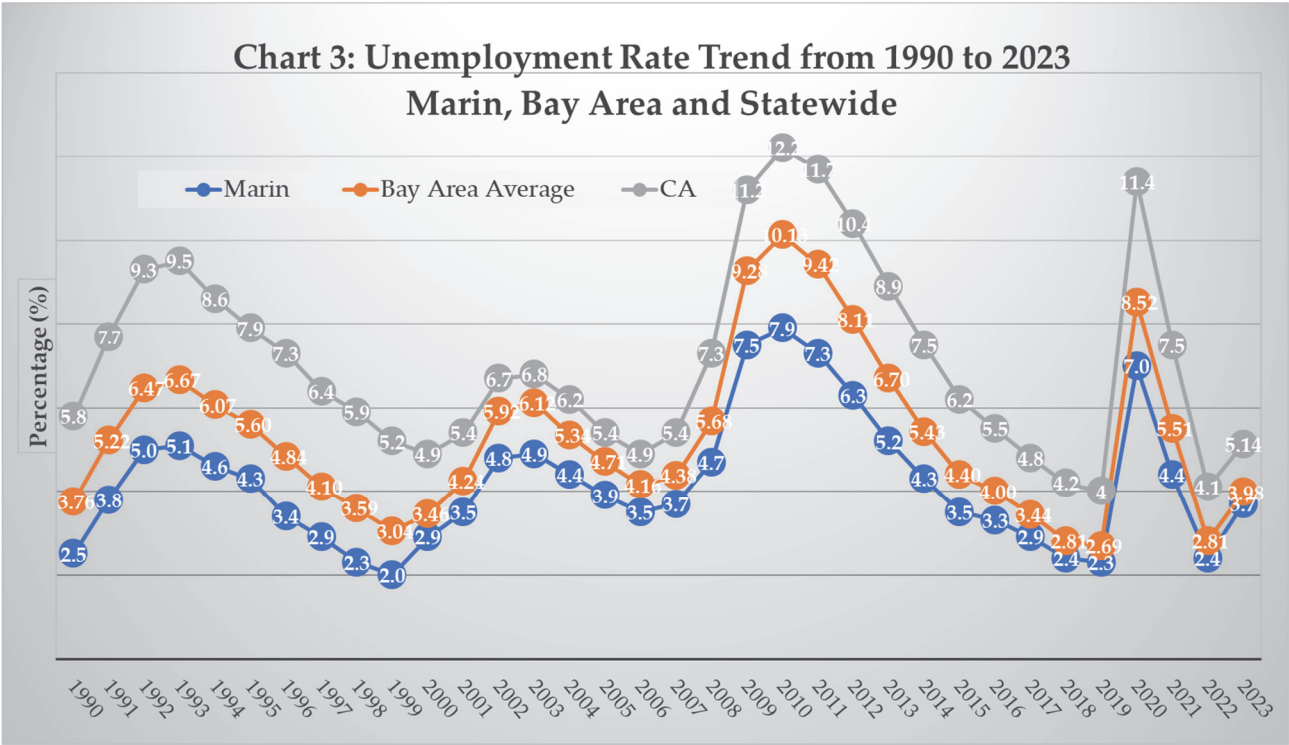
Data Source: State of California Department of Finance

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 Trend from 1990 to 2021 – Marin, Bay Area and California". As of 2021, Marin's average per capita personal income (\$164,118) is more than double the national average (\$64,413) and the state average (\$76,614) and is also almost 40% higher than the Bay Area average (\$117,800). Marin County's 2021 per capita income went up more than 10% compared to 2020, mostly due to the demographic/wealthy nature of the County and likely the unanticipated gain in the housing and stock markets during that time.



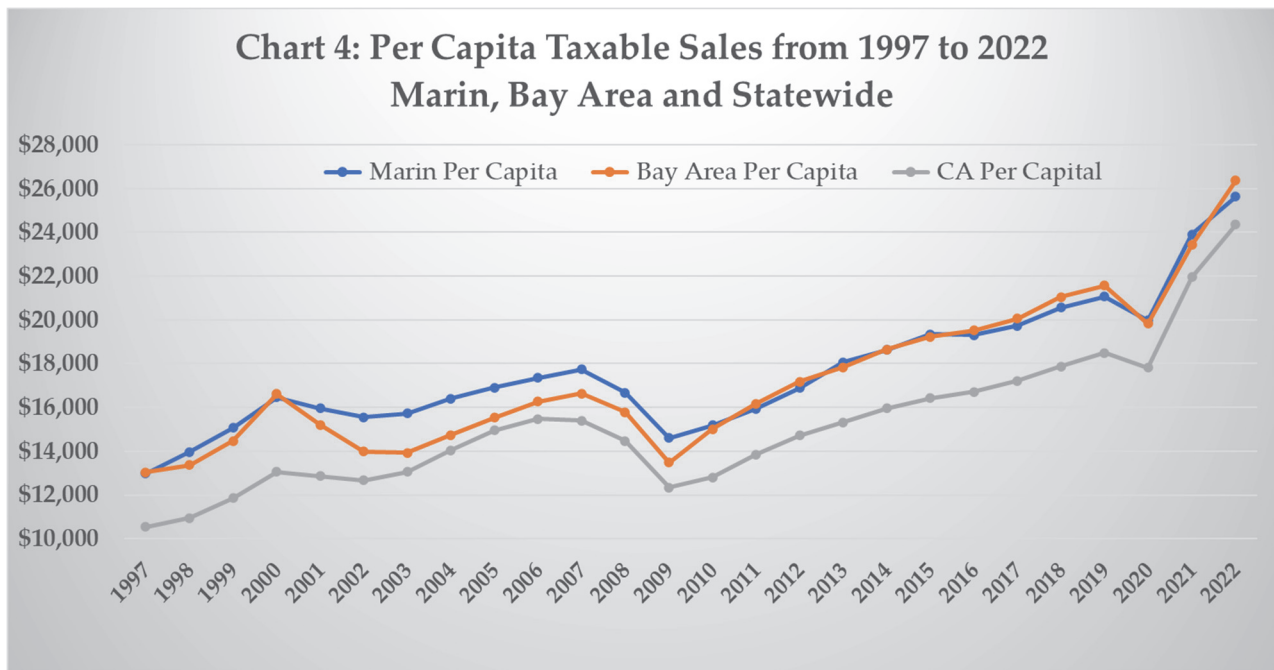
Data Source: U.S. Department of Commerce Bureau of Economic Analysis

As shown in “Chart 3: Unemployment Rate Trend from 1990 to 2023 – Marin, Bay Area and Statewide”, the unemployment rate in Marin continues to be lower than the State and the Bay Area average. The nation enjoyed historically 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 3.8% and 5.1% in August 2023, respectively. The unemployment rate for the Bay Area was 8.5% in August 2020 and 3.98% in August 2023. Marin’s unemployment rate was 3.7% in August 2023, just slightly higher than Napa (3.6%), San Mateo (3.3%) and San Francisco (3.6%).



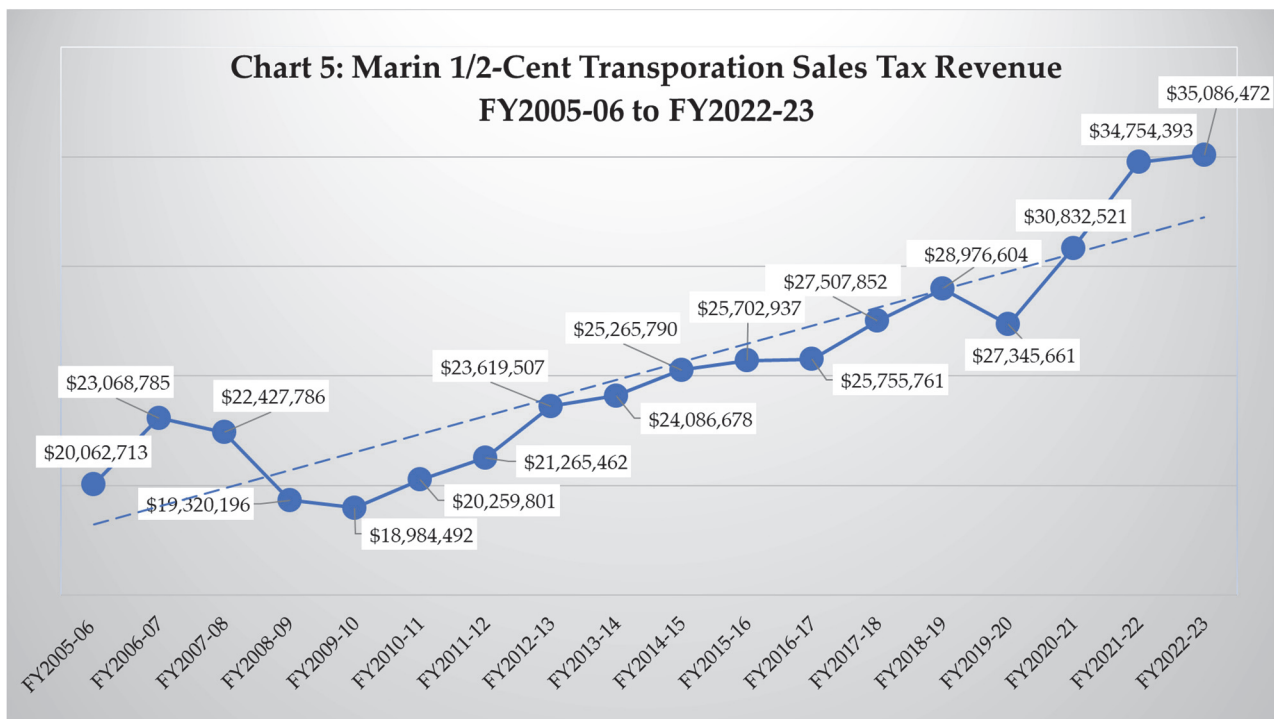
Data Source: State of California Employment Development Department

Since per capita personal income and unemployment rate are two main drivers of taxable sales, the combined effects in general indicate more household income generated and more overall spending by the local economy over the past years. Looking ahead, even though we have seen an obvious slowing down of sales tax revenue growth since last year, the strong fundamentals in Marin’s economy are expected to result in a relatively lower reduction in taxable sales even if another economic slowdown or recession occurs. “Chart 4: Per Capita Taxable Sales from 1997 to 2022, Marin, Bay Area and California” shows the historical taxable sales per capita for Marin, the Bay Area and Statewide since 1997. As you can see, between 2000 and 2009, Marin’s per capita taxable sales was higher than the Bay Area average. However, since 2010, Marin’s per capita taxable sales have been pretty in line and slightly below the Bay Area average in 2022, which is most likely due to the much higher and continuing increase of the aging population in the County.



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

“Chart 5: Marin ½-Cent Transportation Sales Tax Revenue Trend from FY2005-06 to FY2022-23” illustrates 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 5.6% decrease was less severe compared to many other counties in the State, and fortunately for the County, we had almost 13% increase each year in sales tax revenue for both FY2020-21 and FY2021-22, and another 1% for FY2022-23.



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

LONG-TERM FUNDING

TAM has been successfully managing and delivering critical transportation projects/programs identified in the Expenditure Plans of the Measure A/AA ½-Cent Transportation Sales Tax and the Measure B \$10 VRF, the two essential local revenue sources for Marin. Expenditure Plans of those critical local tax and fee measures provide a high degree of accountability and were designed to respond to emerging transportation issues both short-term and long-term, while continuing to fund high priority transportation projects/programs in the County.

Even though the potential decrease of sales tax revenue due to unstable economic, political and social factors in the upcoming few years casts a shadow on the agency's financial picture, 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, ongoing, additional funding for transportation projects and programs for the County as well. Marin is expecting a total of \$21.3 million in FY2023-24 from SB1 for local streets and roads maintenance needs and substantial additional funds for transit as well.

With the favorable resolution of the litigation against RM3, as well as the \$30 million in State earmarks funds received, TAM now can continue/start critical capital improvement work on the Highway 101 and SR 37 corridors.

As noted before, staff has been closely monitoring and pursuing funding opportunities, such as federal and state stimulus/recovery 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 the Measure A/AA and Measure B Expenditure Plans as directed by the voters in Marin, 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 local partners on the delivery of the following critical projects/programs while developing a Countywide Transportation Plan (CTP) and Community Based Transportation Plan which will create a visionary, innovative and equitable transportation plan for the 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 (SR) 37 Improvements
- US 101/I-580 Multi-modal and Local Access Improvement Project

- Improve Highway 101 Interchanges and Approaching Roadways
- Bellam Boulevard Off-Ramp Improvements
- Safe Routes to School (SR2S) Program
- Crossing Guard Program
- Alternative Fuel/Electric Vehicle Program
- Mobility for Seniors and Disabled Persons
- Local Streets & Roads Rehab/Maintenance
- Transit Services
- Transportation Demand Management (TDM) Program
- Sea Level Rise Planning
- Active Transportation Improvements
- Various Innovation Programs

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 VRF revenue allocation requirements.

In addition, TAM's Investment Policy was 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. TAM's 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 Maze & Associates.

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,

A handwritten signature in blue ink, appearing to read "Anne Richman".

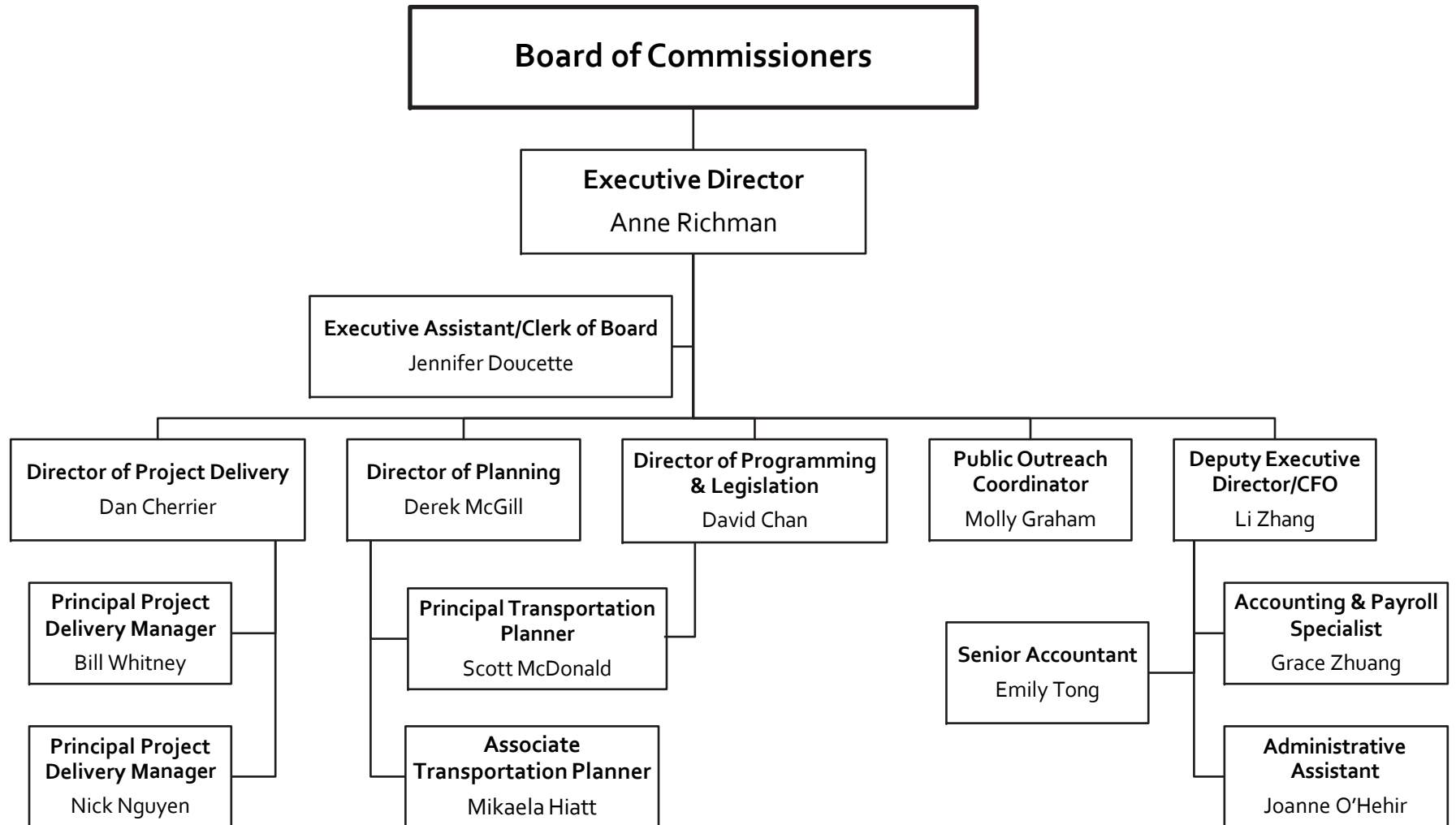
Anne Richman
Executive Director

A handwritten signature in blue ink, appearing to read "Zhangli".

Li Zhang
Deputy Executive Director/Chief Financial
Officer

Transportation Authority of Marin Organization Chart

As of June 30, 2023



BOARD OF COMMISSIONERS
JUNE 30, 2023

| | |
|--------------------------|----------------------|
| Brian Colbert/Chair | Town of San Anselmo |
| Eric Lucan/Vice Chair | County of Marin |
| Alice Fredericks | Town of Tiburon |
| P. Beach Kuhl | Town of Ross |
| Chance Cutrano | Town of Fairfax |
| Dennis Rodoni | County of Marin |
| Kate Colin | City of San Rafael |
| Katie Rice | County of Marin |
| Kevin Carroll | City of Larkspur |
| Mary Sackett | County of Marin |
| Melissa Blaustein | City of Sausalito |
| Nancy Kemnitzer | City of Belvedere |
| Pat Ravasio | Town of Corte Madera |
| Rachel Farac | City of Novato |
| Stephanie Moulton-Peters | County of Marin |
| Urban Carmel | City of Mill Valley |

FINANCIAL SECTION

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, 2023, 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, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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 generally accepted auditing standards 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 generally accepted auditing standards 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 and other Required Supplementary Information as listed in the Table of Contents 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section listed in the Table of Contents, 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 basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 14, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

Maze + Associates

Pleasant Hill, California
December 14, 2023

TRANSPORTATION AUTHORITY OF MARIN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

The 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, 2023. We encourage the reader to consider the information presented here in conjunction with the financial statements as a whole.

FINANCIAL HIGHLIGHTS

TAM's governmental funds reported a total of \$41.47 million in revenues in FY2022-23, of which \$35.09 million, or 84.6% 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 with a nearly 5% increase rate for nine years, and revenue collection at \$28.98 million, 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 pandemic and its lingering effects have 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, increased very noticeably during FY2020-21 and FY2021-22, with more than 12.7% annual growth rate. The significant revenue growth slowed down in FY2022-23 to 1.0% with the gradual establishment of a new normal.

A total of \$2.32 million was collected under Measure B, the \$10 VRF program, in FY2022-23, which is slightly higher than the \$2.31 million collected in FY2021-22. Together, the Measure A/AA ½-Cent Transportation Sales Tax and the Measure B \$10 VRF revenues are more than 90.2% of the agency's total FY2022-23 revenue and the two dedicated local transportation funding sources remain vital to the successful implementation of transportation projects and programs in Marin County. Fund balances for both revenue sources also generated \$0.62 million in investment earnings, which consist of the net total of interest revenue and unrealized investment gains/losses for the year.

Besides the Measure A/AA ½-Cent Transportation Sales Tax revenue and the Measure B \$10 VRF revenue collection, TAM also received about \$3.07 million for all its CMA related activities. TAM collected about \$0.87 million from the Metropolitan Transportation Commission (MTC) in Planning & Programming and One Bay Area Grant (OBAG) funds. Cities, towns, and the County of Marin also contributed \$0.55 million for various services/support TAM provides as the CMA. A total of \$1.19 million was also collected for regional bridge toll revenues for various capital projects with \$0.80 million in RM3 reimbursement that TAM had spent its Measure AA fund to cover the expenditures while the RM3 funds were tied up in litigation. TAM collected about \$0.38 million in Transportation Fund for Clean Air (TFCA) funds, a program funded by a \$4 surcharge on motor vehicles registered in the Bay Area, along with a total of \$0.46 million from various state and federal funding sources and investment return.

TRANSPORTATION AUTHORITY OF MARIN

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Total FY2022-23 expenditures for TAM was \$44.18 million, of which \$3.04 million was from the Measure A ½-Cent Transportation Sales Tax Fund. Expenditures for Measure AA ½-Cent Transportation Sales Tax Fund were \$35.44 million. Expenditures for all Measure B \$10 VRF programs were \$4.0 million. Expenditures for the General Fund for various CMA planning/programming activities and major capital projects were \$1.65 million. The TFCA Fund also has a total expenditure of \$0.06 million for the year.

As of June 30, 2023, the total investment TAM holds with CalTRUST, the Investment Trust of California, is \$54.23 million. Total interest revenue received from various CalTRUST funds and from TAM's cash holding with Bank of Marin during FY2022-23 is \$1.41 million. As of June 30, 2023, the unrealized loss from the various CalTRUST funds is \$1.6 million. TAM also has \$0.131 million restricted investment with the California Employers' Pension Prefunding Trust (CEPPT) of CalPERS as of June 30, 2023. Including the funds in the Bank of Marin, CalTRUST and the CalPERS Trust, TAM has a total cash/investment balance of \$54.90 million as of June 30, 2023.

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 include the Statements of Net Position and Statement of Activities. The Statement of Net Position provides information about the financial position of TAM as a whole, including the agency's 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, 2023

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 FY2022-23.

General Fund

This Fund accounts for the revenues and expenditures of TAM's congestion management activities, primarily planning, programming, transportation and transit work elements, and the management of various capital projects. The Fund spent a total of \$1.65 million for various transportation planning and programming activities, and capital projects management, and received a total of \$3.07 million in revenue in FY2022-23.

TRANSPORTATION AUTHORITY OF MARIN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

The fund's fiscal year-end balance is \$2.17 million. The Fund balance represents funds that have not yet been expended but are restricted for various congestion management activities.

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 FY2022-23 is \$0.38 million. The Fund spent \$0.06 million on such activities in FY2022-23.

The Fund's fiscal year-end balance is \$0.97 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 is \$0.22 million for FY2022-23. The Fund spent \$3.04 million on various Measure A related activities, with \$0.05 million for Administration, \$0.03 million for Professional Services, \$2.96 million for Measure A Projects and Programs with prior year balances and release of the Measure A reserve funds.

The Fund's fiscal year-end balance is \$7.12 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 \$35.44 million in revenue was collected in FY2022-23. The Fund spent \$35.44 million on various Measure AA related activities, with \$1.94 million for Administration, \$0.20 million for Professional Services and \$33.30 million for Measure AA Projects and Programs.

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, 2023

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 \$2.36 million in revenue for FY2022-23 and spent about \$4.00 million, including \$0.56 million for administration and \$3.44 million for various Measure B programs.

The Fund's fiscal year-end balance is \$1.47 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 additional 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, 2023, and June 30, 2022.

TAM's governmental net position was \$40.54 million as of June 30, 2023, and comprised of the following:

- Cash and Investments of \$54.90 million in the CalTRUST and deposits with Bank of Marin.
- Receivables and Prepaid Items of \$38.47 million in sales tax, other accounts receivables and advance grant payments.
- Liabilities, including all account payables, unearned revenues, and net pension liability and OPEB liability, totaling \$54.10 million.
- Total net position for TAM was \$40.54 million as of June 30, 2023, which were all restricted for various transportation projects and programs.

TRANSPORTATION AUTHORITY OF MARIN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Table 1
Condensed Statement of Net Position

| | <u>June 30, 2023</u> | <u>June 30, 2022</u> | <u>Change</u> |
|---|----------------------|----------------------|-----------------------|
| Assets | | | |
| Cash and Investments | \$ 54,897,499 | \$ 51,098,647 | \$ 3,798,852 |
| Sales Tax Receivable | 6,550,713 | 6,594,893 | (44,180) |
| Accounts Receivable | 31,901,574 | 3,744,311 | 28,157,263 |
| Prepaid Items | 21,444 | 21,444 | - |
| Lease Assets net of accumulated Amortization | 530,282 | 757,549 | (227,267) |
| Net Pension Asset | - | 433,976 | (433,976) |
| Total Assets | <u>93,901,512</u> | <u>62,650,820</u> | <u>31,250,693</u> |
| Deferred Outflows | <u>1,022,862</u> | <u>978,494</u> | <u>44,368</u> |
| Liabilities | | | |
| Accounts Payable | 18,381,009 | 13,431,084 | 4,949,925 |
| Accrued Liabilities | 66,038 | 60,309 | 5,729 |
| Unearned Revenue | 33,716,817 | 3,922,993 | 29,793,824 |
| Other Liabilities Due Within One Year | 398,224 | 367,563 | 30,661 |
| Liabilities Due in More Than One Year | 1,538,592 | 1,302,035 | 236,558 |
| Total Liabilities | <u>54,100,681</u> | <u>19,083,984</u> | <u>35,016,697</u> |
| Deferred Inflows | <u>287,693</u> | <u>186,897</u> | <u>100,796</u> |
| Net Position | | | |
| Net Investments in Capital Assets | (33,317) | (22,372) | (10,945) |
| Restricted | 40,569,317 | 44,380,804 | (3,811,487) |
| Total Net Position | <u>\$ 40,536,000</u> | <u>\$ 44,358,432</u> | <u>\$ (3,822,432)</u> |

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, \$3.37 million or 8.1% of TAM's FY2022-23 governmental revenues, came from program revenues and \$37.97 million, or 91.9%, came from general revenues such as Measure A/AA ½-Cent Transportation Sales Taxes, Measure B \$10 VRF and investment earnings.

TRANSPORTATION AUTHORITY OF MARIN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Program revenues include Operating Grants and Contributions and sometimes Capital Grants and Contributions. Cities/towns and County fees are part of the Operating Grants and Contributions revenues. Other Operating Grants and Contributions include STP/CMAQ planning funds from MTC, the STIP/PPM funds from the California Transportation Commission (CTC), and various other regional, state and federal grants. TAM's total Operating Grants and Contributions for FY2022-23 is \$3.37 million. Measure A/AA ½-Cent Transportation Sales Tax revenues are the largest funding source for TAM at \$34.97 million and represent about 84.6% of TAM's FY2022-23 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 \$2.32 million in FY2022-23. Investment earnings, totaling \$0.69 million for FY2022-23, are also part of the general revenue calculation, including \$1.41 million in interest earned during the year and \$0.72 million of unrealized loss.

Table 2
Condensed Statement of Activities

| | <u>June 30, 2023</u> | <u>June 30, 2022</u> | <u>Change</u> |
|------------------------------------|----------------------|----------------------|-----------------------|
| Revenues | | | |
| Program Revenue: | | | |
| Operating Grants and Contributions | \$ 3,369,054 | \$ 9,232,310 | \$ (5,863,256) |
| Total Program Revenues | <u>3,369,054</u> | <u>9,232,310</u> | <u>(5,863,256)</u> |
| General Revenue: | | | |
| Sales Tax | 34,965,482 | 34,793,147 | 172,336 |
| Vehicle Registration Fee | 2,320,048 | 2,311,091 | 8,957 |
| Investment earnings | 688,449 | (1,514,891) | 2,203,341 |
| Total General Revenues | <u>37,973,979</u> | <u>35,589,347</u> | <u>2,384,633</u> |
| Expenses | | | |
| Administration | 4,696,625 | 2,225,338 | 2,471,288 |
| Professional Services | 550,799 | 685,578 | (134,779) |
| Program/Project | 39,702,121 | 25,146,443 | 14,555,678 |
| Interagency Agreement | 215,918 | 7,924,784 | (7,708,867) |
| Total Expenses | <u>45,165,463</u> | <u>35,982,143</u> | <u>9,183,320</u> |
| Changes in Net Position | <u>(3,822,432)</u> | <u>8,839,514</u> | <u>(12,661,946)</u> |
| Net Position - Beginning | <u>44,358,432</u> | <u>35,518,918</u> | <u>8,839,514</u> |
| Net Position - Ending | <u>\$ 40,536,000</u> | <u>\$ 44,358,432</u> | <u>\$ (3,822,432)</u> |

TRANSPORTATION AUTHORITY OF MARIN

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Economic Outlook and Future Projections

Unfortunately, even though the pandemic is finally behind us, the US and global economic outlook is still full of uncertainties due to the interest rate hikes, high inflation, weak export markets abroad, and global political instability and conflicts. Staff 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 in difficult economic times.

With the current revenue collection and fund balances, staff believes that the agency will be able to continue the delivery and funding support of vital transportation projects and programs in Marin but some projects and programs will be facing various levels of funding challenges. Staff is hoping that via collaboration with our partner agencies, we will be able to bring regional, federal, and state resources, especially via the fund opportunities made available under IIJA, to support the delivery of all critical transportation 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 FY2022-23 and expects the same to be true for FY2023-24.

Request for Information

This ACFR is intended to provide residents, 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, 2023

| | Governmental Activities |
|--|----------------------------|
| ASSETS | |
| Cash and investments | \$ 54,766,246 |
| Restricted investments | 131,253 |
| Sales tax receivable | 6,550,713 |
| Accounts receivable | 31,901,574 |
| Prepaid items | 21,444 |
| Lease asset, net of accumulated amortization | 530,282 |
| Total assets | 93,901,512 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows of resources related to OPEB | 84,250 |
| Deferred outflows of resources related to pensions | 938,612 |
| Total deferred outflows of resources | 1,022,862 |
| LIABILITIES | |
| Accounts payable | 18,381,009 |
| Accrued liabilities | 66,038 |
| Unearned revenue | 33,716,817 |
| Compensated absences, due in one year | 166,886 |
| Compensated absences, due in more than one year | 112,088 |
| Lease liability, due in one year | 231,338 |
| Lease liability, due in more than one year | 332,261 |
| Net pension liability | 543,205 |
| Net OPEB liability | 551,039 |
| Total liabilities | 54,100,681 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows of resources related to OPEB | 182,794 |
| Deferred inflows of resources related to pensions | 104,899 |
| Total deferred inflows of resources | 287,693 |
| NET POSITION | |
| Net investment in capital assets | (33,317) |
| Restricted for: | |
| TFCA Projects/Programs | 956,283 |
| Measure A Sales Tax Projects/Programs | 7,114,454 |
| Measure AA Sales Tax Projects/Programs | 29,125,671 |
| Measure B VRF Projects/Programs | 1,429,871 |
| Congestion Management Projects/Programs | 1,943,038 |
| Total net position | \$ 40,536,000 |

See accompanying notes to financial statements

TRANSPORTATION AUTHORITY OF MARIN

STATEMENT OF NET ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

| Functions/Programs | Expenses | Program Revenues Operating Grants and Contributions | Net (Expense) Revenues and Change in Net Position |
|--|----------------------|--|---|
| Governmental Activities: | | | |
| Congestion Management: | | | |
| Administration | \$ 4,696,625 | \$ 2,451,067 | \$ (2,245,558) |
| Professional Services | 550,799 | 326,738 | (224,061) |
| TFCA Programs/Project | - | 375,331 | 375,331 |
| Measure A Sales Tax Programs: | 2,957,868 | - | (2,957,868) |
| Measure AA Sales Tax Programs: | 33,301,841 | - | (33,301,841) |
| Measure B VRF Programs | 3,442,412 | - | (3,442,412) |
| Interagency Agreement | 215,918 | 215,918 | - |
| Total Governmental Activities | <u>\$ 45,165,463</u> | <u>\$ 3,369,054</u> | <u>(41,796,409)</u> |
| General revenues: | | | |
| Measure A Sales Tax Revenue | | | 116,068 |
| Measure AA Sales Tax Revenue | | | 34,849,414 |
| Measure B Vehicle Registration Fee Revenue | | | 2,320,048 |
| Investment Earnings | | | 688,449 |
| Total general revenues | | | <u>37,973,979</u> |
| Change in Net Position | | | (3,822,430) |
| Net Position - Beginning | | | <u>44,358,430</u> |
| Net Position - Ending | | | <u>\$ 40,536,000</u> |

See accompanying notes to financial statements

TRANSPORTATION AUTHORITY OF MARIN

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

| | General | TFCA Fund | Measure A Sales Tax Fund | Measure AA Sales Tax Fund | Measure B VRF Funds | Total Governmental Funds |
|---|----------------------|-------------------|-----------------------------|------------------------------|------------------------|--------------------------------|
| ASSETS: | | | | | | |
| Cash and Investments | \$ 4,592,638 | \$ 769,493 | \$ 7,827,004 | \$ 38,147,801 | \$ 3,429,310 | \$ 54,766,246 |
| Restricted Investment | 131,253 | - | - | - | - | 131,253 |
| Sales Tax Receivable | - | - | 92,684 | 6,458,029 | - | 6,550,713 |
| Accounts Receivable | 31,291,423 | 200,233 | - | - | 409,918 | 31,901,574 |
| Prepaid Items | - | - | 21,444 | - | - | 21,444 |
| Total Assets | \$ 36,015,314 | \$ 969,726 | \$ 7,941,132 | \$ 44,605,830 | \$ 3,839,228 | \$ 93,371,230 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | | | | | | |
| Liabilities: | | | | | | |
| Accounts Payable | \$ 103,801 | \$ 401 | \$ 813,637 | \$ 15,102,798 | \$ 2,360,372 | \$ 18,381,009 |
| Accrued Liabilities | 23,326 | 333 | 1,602 | 35,398 | 5,379 | 66,038 |
| Unearned Revenues | 33,716,817 | - | - | - | - | 33,716,817 |
| Total Liabilities | 33,843,944 | 734 | 815,239 | 15,138,196 | 2,365,751 | 52,163,864 |
| Deferred Inflows of Resources | | | | | | |
| Unavailable Revenues | 5,000 | - | 3,376 | 290,241 | - | 298,617 |
| Fund Balances: | | | | | | |
| Nonspendable | - | - | 21,444 | - | - | 21,444 |
| Restricted for: | | | | | | |
| TFCA Projects/Program | - | 968,992 | - | - | - | 968,992 |
| Measure A Sales Tax Projects/Program | - | - | 7,101,073 | - | - | 7,101,073 |
| Measure AA Sales Tax Projects/Program | - | - | - | 29,177,393 | - | 29,177,393 |
| Section 115 Trust Retirement Benefits | 131,253 | - | - | - | - | 131,253 |
| Measure B VRF Projects/Program | - | - | - | - | 1,473,477 | 1,473,477 |
| Congestion Management Projects/Program | 2,035,117 | - | - | - | - | 2,035,117 |
| Total Fund Balances | 2,166,370 | 968,992 | 7,122,517 | 29,177,393 | 1,473,477 | 40,908,749 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 36,015,314 | \$ 969,726 | \$ 7,941,132 | \$ 44,605,830 | \$ 3,839,228 | \$ 93,371,230 |

See accompanying notes to financial statements

TRANSPORTATION AUTHORITY OF MARIN

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2023

| | |
|---|---------------|
| Fund Balance - Total Governmental Funds | \$ 40,908,749 |
|---|---------------|

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds because of the following:

CAPITAL ASSETS (LEASE ASSETS)

| | |
|---|---------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 530,282 |
|---|---------|

LONG TERM LIABILITIES

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

| | |
|-----------------------|-----------|
| Compensated absences | (278,974) |
| Lease liability | (563,599) |
| Net OPEB liability | (551,039) |
| Net pension liability | (543,205) |

DEFERRED INFLOWS AND OUTFLOWS

Deferred outflows are not current assets or financial resources; and deferred inflows are not due and payable in the current period and are therefore not reported in the governmental funds.

| | |
|----------------------|-----------|
| Deferred outflows | 1,022,862 |
| Deferred inflows | (287,693) |
| Unavailable revenues | 298,617 |

| | |
|---|----------------------|
| NET POSITION OF GOVERNMENTAL ACTIVITIES | <u>\$ 40,536,000</u> |
|---|----------------------|

See accompanying notes to financial statements

TRANSPORTATION AUTHORITY OF MARIN

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

| | General | TFCA Fund | Measure A Sales Tax Fund | Measure AA Sales Tax Fund | Measure B VRF Funds | Total Governmental Funds |
|---|--------------|--------------|-----------------------------|------------------------------|------------------------|--------------------------------|
| REVENUES | | | | | | |
| Measure A/AA Sales Tax Revenue | \$ - | \$ - | \$ 124,855 | \$ 34,961,617 | \$ - | \$ 35,086,472 |
| Measure B VRF Revenue | - | - | - | - | 2,320,048 | 2,320,048 |
| Cities/Towns and County Contribution | 550,002 | - | - | - | - | 550,002 |
| Investment Earnings | 64,696 | 6,950 | 100,123 | 475,247 | 41,433 | 688,449 |
| MTC STP/CMAQ Planning Fund and OBAG Grants | 868,095 | - | - | - | - | 868,095 |
| MTC Regional Measure 2 Fund | 1,193,073 | - | - | - | - | 1,193,073 |
| Transportation For Clean Air Funding | - | 375,331 | - | - | - | 375,331 |
| State STIP/PPM Fund | 285,020 | - | - | - | - | 285,020 |
| TDA Article 3 | 91,363 | - | - | - | - | 91,363 |
| Federal STP Fund | 10,000 | - | - | - | - | 10,000 |
| Other Revenues | 6,170 | - | - | - | - | 6,170 |
| Total Revenues | 3,068,419 | 382,281 | 224,978 | 35,436,864 | 2,361,481 | 41,474,023 |
| EXPENDITURES | | | | | | |
| Congestion Management - Current: | | | | | | |
| Administration | 1,108,081 | 57,730 | 51,960 | 1,935,029 | 558,937 | 3,711,737 |
| Professional Services | 326,738 | - | 25,885 | 198,176 | - | 550,799 |
| Measure A Sales Tax | - | - | 2,957,868 | - | - | 2,957,868 |
| Measure AA Sales Tax | - | - | - | 33,301,841 | - | 33,301,841 |
| Measure B VRF | - | - | - | - | 3,442,412 | 3,442,412 |
| Interagency Agreements | 215,918 | - | - | - | - | 215,918 |
| Total Expenditures | 1,650,737 | 57,730 | 3,035,713 | 35,435,046 | 4,001,349 | 44,180,575 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 1,417,682 | 324,551 | (2,810,735) | 1,818 | (1,639,868) | (2,706,552) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 241,399 | 10,835 | - | - | - | 252,234 |
| Transfers out | (252,234) | - | - | - | - | (252,234) |
| Total Other Financing Sources (Uses) | (10,835) | 10,835 | - | - | - | - |
| NET CHANGE IN FUND BALANCES | 1,406,847 | 335,386 | (2,810,735) | 1,818 | (1,639,868) | (2,706,552) |
| FUND BALANCES AT BEGINNING OF PERIOD | 759,523 | 633,606 | 9,933,252 | 29,175,575 | 3,113,345 | 43,615,301 |
| FUND BALANCES AT END OF PERIOD | \$ 2,166,370 | \$ 968,992 | \$ 7,122,517 | \$ 29,177,393 | \$ 1,473,477 | \$ 40,908,749 |

See accompanying notes to financial statements

TRANSPORTATION AUTHORITY OF MARIN

RECONCILIATION OF THE NET CHANGE IN FUND BLANCES - TOTAL GOVERNMENTAL FUNDS WITH THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

| | |
|--|----------------|
| NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS | \$ (2,706,552) |
|--|----------------|

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

| | |
|---|-----------|
| 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. | (130,990) |
|---|-----------|

| | |
|---|----------|
| 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. | (10,944) |
|---|----------|

| | |
|--|-----------|
| 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. | (892,981) |
|--|-----------|

| | |
|---|----------|
| 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. | (65,045) |
|---|----------|

| | |
|--|-----------------|
| 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. | <u>(15,918)</u> |
|--|-----------------|

| | |
|---|------------------------------|
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | <u><u>\$ (3,822,430)</u></u> |
|---|------------------------------|

See accompanying notes to financial statements

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

| |
|--|
| NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES |
|--|

Reporting Entity

On March 2, 2004, the Marin County Board of Supervisors created Transportation Authority of Marin (TAM) by Resolution No. 2004-21, pursuant to Section 180050 of the California Public Utilities Code ("PUC"). As required by California PUC Section 180051(a) and California Government Code Section 65089(a), all City and Town Councils of Marin County, representing a majority of the incorporated population of Marin, have concurred on the membership of TAM and designated TAM as the 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 Congestion Management Authority (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 11 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, 2023

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| NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) |
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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 define 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 TFCA grant TAM receives from BAAQMD. The purpose of the TFCA grant is to fund studies related to the monitoring of air quality control, and any capital improvements that can contribute to the improvement of air quality.

Measure A ½-Cent Transportation Sales Tax 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.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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| NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) |
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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.

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.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 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 the 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, 2023 were as follows:

| | Balance | | | Balance | Due Within |
|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 7/1/2022 | Additions | Deductions | 6/30/2023 | One Year |
| Compensated Absences | <u>\$ 263,056</u> | <u>\$ 178,721</u> | <u>\$ 162,803</u> | <u>\$ 278,974</u> | <u>\$ 166,886</u> |

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.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

| |
|--|
| NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) |
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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.

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.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

| |
|--|
| NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) |
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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.

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 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 net 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 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.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

| |
|--|
| NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) |
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In addition to liabilities, the statement of netposition 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.

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.

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, 2023 all receivables are considered fully collectible.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

| |
|--|
| NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) |
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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 \$25,000, 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.

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.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

| |
|--|
| NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) |
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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.

New Accounting Principles

GASB Statement No. 96 - In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The provisions of this Statement were implemented during fiscal year 2023. As part of the implementation of this Statement, the Authority accounted for all subscription transactions and has determined that there are no subscriptions that meet these requirements to be disclosed in the financial statement. In addition, the Authority has established a threshold of \$250,000 that subscriptions must meet in order for the Authority to disclose on the financial statements.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 2 – CASH AND INVESTMENTS

Classification

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

| | |
|---|----------------------|
| Cash and Cash Deposits | \$ 535,464 |
| Section 115 Trust | 131,253 |
| Investments with CalTRUST Joint Powers Authority Pool | 54,230,782 |
| Total Cash and Investments | <u>\$ 54,897,499</u> |
| Unrestricted Cash and Cash Investments | \$ 54,766,246 |
| Restricted Investments - Section 115 Trust | 131,253 |
| Total Cash and Investments | <u>\$ 54,897,499</u> |

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

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

| Investment Type | Maximum Remaining Maturity | Maximum Percentage of Portfolio | Maximum Investment In One Issuer |
|--|----------------------------|---------------------------------|----------------------------------|
| Investment Trust of California | None | None | \$100 Million |
| Local Agency Investment Funds (LAIF) | None | None | \$65 Million |
| Certificates of Deposit | 5 years | 30% | None |
| US Treasury Obligations | 5 years | None | None |
| US Agency Securities | 5 years | None | None |
| State of California and Local Agency Bonds | 5 years | None | None |
| Banker's Acceptance | 180 days | 30% | None |
| Commercial Paper | 270 days | 25% | None |
| Medium-Term Notes | 2 years | 30% | None |
| Marin County Cash Pool | None | None | None |
| Repurchase Agreements | 1 year | None | None |

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

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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 | Remaining Maturity | | |
|--|----------------------|-------------------|----------------------|
| | Totals | 12 Months or Less | 1 to 5 Years |
| Section 115 Trust | \$ 131,253 | \$ - | \$ 131,253 |
| Deposits with CalTRUST Joint Powers Authority Pool | 54,230,782 | 949,195 | 53,281,587 |
| Total | <u>\$ 54,362,035</u> | <u>\$ 949,195</u> | <u>\$ 53,412,840</u> |

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 | S&P Global Ratings | | |
|---|----------------------|-------------------|----------------------|
| | Totals | AA-f | AA-f |
| Deposits with CalTRUST Join Powers Authority Pool | <u>\$ 54,362,035</u> | <u>\$ 949,195</u> | <u>\$ 53,281,587</u> |

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, 2023

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| NOTE 2 – CASH AND INVESTMENTS (Continued) |
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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, 2023, 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 \$535,464. 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.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

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

Deposits and withdrawals in the CalTRUST Investment Pool are made on the basis of \$1 and not fair value. Accordingly, TAM's proportionate share of investments on June 30, 2023 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, 2023:

| | |
|--|-------------------|
| Unrealized/Realized Investment Gain (Loss) | \$ (718,817) |
| Interest Revenue | <u>1,407,266</u> |
| Total Investment Income | <u>\$ 688,449</u> |

NOTE 3 – COMMITMENTS AND CONTINGENCIES

TAM has various cooperative agreements with governmental entities and contracts with vendors. As of June 30, 2023, TAM's total outstanding commitments were approximately \$121.3 million, with \$76.67 million expended and \$44.56 million still outstanding.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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.

| Type of Coverage | Insurer | Limits | Deductible Per Occurrence |
|------------------------------|------------------------------------|--------------|---------------------------|
| Commercial General Liability | Alliant Property Insurance Program | \$ 1,000,000 | \$ 2,500 |
| Automobile Liability | Alliant Property Insurance Program | 1,000,000 | 2,500 |
| Public Officials E&O | Alliant Property Insurance Program | 1,000,000 | 2,500 |
| Employment Practices | Alliant Property Insurance Program | 1,000,000 | 10,000 |
| Excess General Liability | Alliant Property Insurance Program | 1,000,000 | 25,000 |
| General Liability Aggregate | Alliant Property Insurance Program | 2,000,000 | 25,000 |

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, 2023, was as follows:

| | Balance as of June 30, 2022 | Additions | Balance as of June 30, 2023 |
|-------------------------------|--------------------------------|---------------------|--------------------------------|
| Right to use lease, Buildings | \$ 984,813 | \$ - | \$ 984,813 |
| Accumulated depreciation | | | |
| Right to use lease, Buildings | (227,265) | (227,266) | (454,531) |
| Capital assets, net | <u>\$ 757,548</u> | <u>\$ (227,266)</u> | <u>\$ 530,282</u> |

The lease for office space was entered into on March 19, 2015 and expires on October 31, 2025.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2023, are summarized as follows:

Contributions

| | Miscellaneous Tier I | Miscellaneous PEPR |
|---|-----------------------------|--------------------------------|
| | Prior to January 1, 2013 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2% @ 55 | 2% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50 - 63 | 52 - 67 |
| Monthly benefits, as a % of eligible compensation | 1.426% - 2.418% | 1.0% - 2.5% |
| Required employee contribution rates | 7.00% | 6.75% |
| Required employer contribution rates | 10.87% | 7.47% |

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 6 – PENSION PLANS (Continued)

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, 2023, the employer contributions made by TAM to the plan were equal to the amount of the annual required employer contributions of \$207,757.

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, 2022, using an annual actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

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

| | |
|-----------------------------------|--|
| Valuation Date | June 30, 2021 |
| Measurement Date | June 30, 2022 |
| Actuarial Cost Method | Entry-Age Actuarial Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 6.90% |
| Inflation | 2.30% |
| Salary Increases | Varies by Entry Age and Service |
| Mortality Rate Table ¹ | Derived using CalPERS' Membership Data for all Funds |
| Post Retirement Benefit Increase | The lesser of Contract Cola or 2.30% until Purchasing Power Protection Allowance floor on purchase power applies, 2.30% thereafter |

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 6 – PENSION PLANS (Continued)

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

For the year ended June 30, 2023, TAM recognized pension expense of \$892,981. On June 30, 2023, TAM reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date | \$ 207,757 | \$ - |
| Differences between actual and expected experience | 10,909 | (7,306) |
| Changes in assumptions | 55,663 | - |
| Net differences between projected and actual earnings on plan investments | 99,501 | - |
| Change in proportion and differences between actual contributions and proportionate share of contributions | 564,782 | (97,593) |
| Total | <u>\$ 938,612</u> | <u>\$ (104,899)</u> |

Reported as deferred outflows of resources related to contributions subsequent to the measurement date is \$207,757 which will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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

| Year Ended June 30 | Annual Amortization |
|-----------------------|------------------------|
| 2024 | \$ 251,680 |
| 2025 | 200,728 |
| 2026 | 112,689 |
| 2027 | 60,859 |
| Total | <u>\$ 625,956</u> |

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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 6.90% discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report titled "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 6 – PENSION PLANS (Continued)

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 would 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 (1) | Assumed Asset Allocation | Real Return (1),(2) |
|--------------------------------|---|--------------------------------|
| Global Equity-Cap Weighted | 30.0% | 4.54% |
| Global Equity-Non-Cap Weighted | 12.0% | 3.84% |
| Private Equity | 13.0% | 7.28% |
| Treasury | 5.0% | 0.27% |
| Mortgage-backed Securities | 5.0% | 0.50% |
| Investment Grade Corporates | 10.0% | 1.56% |
| High Yield | 5.0% | 2.27% |
| Emerging Market Debt | 5.0% | 2.48% |
| Private Debt | 5.0% | 3.57% |
| Real Assets | 15.0% | 3.21% |
| Leverage | -5.0% | -0.59% |
| Total | 100% | |

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management study.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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:

| | Discount Rate | | |
|---------------|---------------|------------|--------------|
| | 1% Decrease | Current | 1% Increase |
| | 5.90% | 6.90% | 7.90% |
| Miscellaneous | \$ 1,401,401 | \$ 543,205 | \$ (162,877) |

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, 2023, 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 |
|-----------------------|--------------------------------------|-------------------------------------|-----------------|
| \$ 551,039 | \$ 84,250 | \$ (182,794) | \$ 65,045 |

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, 2023

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, 2022.

| | |
|---|-----------|
| Active employees | 13 |
| Inactive employees or beneficiaries currently receiving benefit payments | 2 |
| Inactive employees entitled to but not yet receiving benefit payments | 1 |
| Total | <u>16</u> |

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 allowable monthly Minimum 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 \$7,187 as MEC premium contribution and implicit subsidy to the retiree in FY2022-23.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

Actuarial Assumptions

The Authority's net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2022, based on the following actuarial methods and assumptions:

| | Actuarial Assumptions |
|-----------------------------|---|
| Valuation Date | June 30, 2022 |
| Measurement Date | June 30, 2022 |
| Actuarial Cost Method | Entry Age Normal Cost, level percent of pay |
| Actuarial Assumptions: | |
| Inflation | 2.50% |
| Salary Increases | 3.00% |
| Healthcare Cost Trend Rates | 6.80% in 2024, fluctuating down to 5% by 2024 |
| Retirement Age | 50 to 75 |
| Mortality | CalPERS 2021 Experience Study |
| Mortality Improvement | MacLeod Watts Scale 2022 |

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, 2022, valuation were based on the results of the 2021 CalPERS experience study for the period using data from 1997 to 2019

Changes of Assumptions

The discount rate was changed from 2.20 percent in 2021 to 3.54 percent in the 2022 measurement date.

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

Changes in the Net OPEB Liability

| | Increase (Decrease) | | |
|--|--------------------------------|----------------------------------|--|
| | Total OPEB Liability (a) | Fiduciary Net Position (b) | Net OPEB Liability/(Asset) (c) = (a) - (b) |
| Balance at 6/30/2022 (Measurement Date) | \$ 659,957 | \$ 33,336 | \$ 626,621 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 70,646 | - | 70,646 |
| Interest on the total OPEB liability | 15,991 | - | 15,991 |
| Changes in benefit terms | | | |
| Differences between expected and actual experience | - | (6,274) | 6,274 |
| Changes of assumptions | (132,734) | - | (132,734) |
| Plan Experience | (26,233) | - | (26,233) |
| Contributions from the employer | - | 7,451 | (7,451) |
| Net investment income | - | 2,083 | (2,083) |
| Administrative expenses | - | (8) | 8 |
| Benefit payments | (7,451) | (7,451) | - |
| Other Expenses | - | - | - |
| Net changes | (79,781) | (4,199) | (75,582) |
| Balance at 6/30/2023 (Measurement Date) | \$ 580,176 | \$ 29,137 | \$ 551,039 |

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:

| Net OPEB Liability/(Asset) | | |
|------------------------------|--------------------------|------------------------------|
| Discount Rate -1% (2.54%) | Discount Rate (3.54%) | Discount Rate +1% (4.54%) |
| \$ 638,798 | \$ 551,039 | \$ 479,685 |

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:

| Net OPEB Liability/(Asset) | | |
|--|------------|-------------|
| Current Healthcare Cost Trend Rates | | |
| 1% Decrease | | 1% Increase |
| \$ 460,848 | \$ 551,039 | \$ 665,965 |

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2023, TAM recognized OPEB expense of \$65,045. At June 30, 2023, 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 |
|--|-----------------------------------|----------------------------------|
| Employer contributions made subsequent to the measurement date | \$ 7,187 | \$ - |
| Differences between actual and expected experience | - | (65,975) |
| Changes of assumptions | 74,107 | (116,819) |
| Net differences between projected and actual earnings on plan investments | 2,956 | - |
| Total | <u>\$ 84,250</u> | <u>\$ (182,794)</u> |

Contributions subsequent to the measurement date will be recognized to OPEB expense in fiscal year 2024. 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 | Annual Amortization |
|-----------------------|------------------------|
| 2024 | \$ (12,330) |
| 2025 | (12,332) |
| 2026 | (12,420) |
| 2027 | (11,674) |
| 2028 | (15,205) |
| Thereafter | (41,770) |
| Total | <u>\$ (105,731)</u> |

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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 June 30, 2023, the value of the building lease liabilities was \$563,599. The agency must make monthly rent payments of \$20,213 as of June 30, 2023, escalating to \$21,444 at the expiration of the lease agreements on October 31, 2025. The value of the right-to-use asset at the end of the current fiscal year was \$530,282, net of accumulated amortization of \$454,531.

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, 2023, are \$4,944. 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, 2023, were as follows:

| | Balance as of June 30, 2022 | Deletion | Balance as of June 30, 2023 | Due within one year |
|---|--------------------------------|------------|--------------------------------|------------------------|
| Recognition of lease liability, Buildings | \$ 779,931 | \$ 216,332 | \$ 563,599 | \$ 231,338 |

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|-----------------------------|-------------------|------------------|-------------------|
| 2024 | \$ 231,338 | \$ 16,067 | \$ 247,405 |
| 2025 | 247,108 | 7,719 | 254,827 |
| 2026 | 85,153 | 622 | 85,775 |
| | <u>\$ 563,599</u> | <u>\$ 24,408</u> | <u>\$ 588,007</u> |

NOTE 9 – SUBSEQUENT EVENTS

Unearned Revenue

Near year end of June 30, 2023, TAM received notification of an awarded amount of \$30 million (\$20M for SR 37 and \$10M for Marin City/US 101) to be used to combat the sea level rise and Highway 37 design and reconstructing project as well as mitigate and reduce flooding in the Marin City area. The Highway 37 reconstruction project will include administration and management, technical studies, design, permitting, and right of way. The Authority has chosen to record the award as unearned revenue and accounts receivable until the funds are used for the project in the upcoming years.

REQUIRED SUPPLEMENTARY INFORMATION

TRANSPORTATION AUTHORITY OF MARIN

REQUIRED SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2023

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Cities/Towns and County Contribution | \$ 550,000 | \$ 550,000 | \$ 550,002 | \$ 2 |
| Investment Revenue | 25,000 | 25,000 | 133,582 | 108,582 |
| MTC STP/CMAQ Planning Fund and OBAG Grants | 1,228,121 | 1,228,121 | 868,095 | (360,026) |
| MTC Regional Measure 2 Fund | 1,518,390 | 1,518,390 | 1,193,073 | (325,317) |
| State STIP/PPM Fund | 100,005 | 100,005 | 176,393 | 76,388 |
| Federal STP Fund | 10,000 | 10,000 | 10,000 | - |
| Caltrans Bus On Shoulder Grant | 72,000 | 72,000 | | (72,000) |
| Realized Highway 101 ROW Excess Fund | 225,000 | 225,000 | 199,990 | (25,010) |
| Total Revenues | 3,728,516 | 3,728,516 | 3,131,135 | (597,381) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Administration: | | | | |
| Salaries & Benefits | 1,123,000 | 1,123,000 | 1,037,161 | 85,839 |
| Office Supplies & Small Miscellaneous Items | 5,000 | 5,000 | 465 | 4,535 |
| Legal Services | 10,000 | 10,000 | 64 | 9,936 |
| Document/Video/Marketing Material Production | 20,000 | 20,000 | 61 | 19,939 |
| Memberships | 22,500 | 22,500 | 22,500 | - |
| Travel/Meetings/Conferences | 6,500 | 6,500 | 635 | 5,865 |
| Professional Services: | | | | |
| Travel Model Maintenance & Update | 100,000 | 100,000 | - | 100,000 |
| Traffic Monitoring, Reporting & Travel Model Data Requests | 75,000 | 75,000 | 101,220 | (26,220) |
| Project Management Oversight | 40,000 | 40,000 | 105,208 | (65,208) |
| State Legislative Assistance | 46,200 | 46,200 | 46,200 | - |
| N/S Greenway - Construction Design Support | 100,000 | 100,000 | 99,843 | 157 |
| Public Outreach Service Support | 15,000 | 15,000 | 995 | 14,005 |
| Vision Plan Update/Countywide Transportation Plan | 150,000 | 150,000 | 4,199 | 145,801 |
| Safe Roads Marin - HSIP Caltrans | 72,000 | 72,000 | 13,661 | 58,339 |
| Equity Framework | 50,000 | 50,000 | - | 50,000 |
| Consulting Pool | 5,000 | 5,000 | - | 5,000 |
| Interagency Agreements: | | | | |
| Caltrans - North-South Greenway (Northern Segment) Construction | 1,500,000 | 1,500,000 | - | 1,500,000 |
| Larkspur N/S Greenway (ORH)- Construction support | 150,000 | 150,000 | - | 150,000 |
| San Anselmo - Hub Reconfiguration Phase I Study | 9,000 | 9,000 | - | 9,000 |
| Caltrans - MSN B8 PS&E/ROW Support & Capital | 225,000 | 225,000 | 15,928 | 209,072 |
| Larkspur - North-South Greenway Construction Management | 200,000 | 200,000 | 194,441 | 5,559 |
| Caltrans & Other - MSN B7 PS&E/ROW Support & Capital | - | - | 8,156 | (8,156) |
| Total Expenditures | 3,924,200 | 3,924,200 | 1,650,737 | 2,273,463 |
| EXCESS OF REVENUES OVER EXPENDITURES | (195,684) | (195,684) | 1,480,398 | 1,676,082 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 241,399 | 241,399 |
| Transfers (out) | - | - | (252,234) | (252,234) |
| Total Other Financing Sources (Uses) | - | - | (10,835) | (10,835) |
| NET CHANGE IN FUND BALANCE | \$ (195,684) | \$ (195,684) | 1,469,563 | \$ 1,665,247 |
| Fund balance at beginning of year | | | 759,523 | |
| Reconciling Item | | | | |
| GASB 31 - fair market value adjustment on investments | | | (62,716) | |
| FUND BALANCE AT END OF YEAR | | | \$ 2,166,370 | |

TRANSPORTATION AUTHORITY OF MARIN

**REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TFCA FUND
FOR THE YEAR ENDED JUNE 30, 2023**

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---|------------------|-------------|------------|---|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Investment Revenue | \$ 5,000 | \$ 5,000 | \$ 19,170 | \$ 14,170 |
| Transportation for Clean Air Fund | 350,000 | 350,000 | 350,331 | 331 |
| Regional TFCA Competitive Grants | 63,727 | 63,727 | 25,000 | (38,727) |
| Total Revenues | 418,727 | 418,727 | 394,501 | (24,226) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Administration: | | | | |
| Salaries & Benefits | 62,000 | 62,000 | 57,730 | 4,270 |
| TFCA Program/Project: | | | | |
| TFCA - N/S Greenway Construction Grant | 28,364 | 28,364 | - | 28,364 |
| TFCA - Reimbursement of Various Capital Projects | 394,000 | 394,000 | - | 394,000 |
| Total Expenditures | 484,364 | 484,364 | 57,730 | 426,634 |
| EXCESS OF REVENUES OVER EXPENDITURES | (65,637) | (65,637) | 336,771 | 402,408 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | | | 10,835 | 10,835 |
| Total Other Financing Sources (Uses) | - | - | 10,835 | 10,835 |
| NET CHANGE IN FUND BALANCE | \$ (65,637) | \$ (65,637) | 347,606 | \$ 413,243 |
| Fund balance at beginning of year | | | 633,606 | |
| Reconciling Item | | | | |
| GASB 31 - fair market value adjustment on investments | | | (12,220) | |
| FUND BALANCE AT END OF YEAR | | | \$ 968,992 | |

TRANSPORTATION AUTHORITY OF MARIN

REQUIRED SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - MEASURE A SALES TAX FUND

FOR THE YEAR ENDED JUNE 30, 2023

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-----------------------|---------------------|---|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Measure A Sales Tax Revenue | \$ 50,000 | \$ 50,000 | \$ 124,855 | \$ 74,855 |
| Investment Revenue | 40,000 | 40,000 | 231,310 | 191,310 |
| Total Revenues | 90,000 | 90,000 | 356,165 | 266,165 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Administration: | | | | |
| Salaries & Benefits | - | - | 51,960 | (51,960) |
| Professional Services: | | | | |
| N/S Greenway - Construction Design Support | - | - | 25,885 | (25,885) |
| Measure A Sales Tax Programs/Projects: | | | | |
| Strategy 1.1 - Local Bus Transit Service | 680,000 | 680,000 | 680,000 | - |
| Strategy 1.2 - Rural Bus Transit System | 55,080 | 55,080 | 55,080 | - |
| Strategy 1.3 - Special Needs Transit Services | 165,410 | 165,410 | 165,410 | - |
| Strategy 1.4 - Bus Transit Facilities | 1,544,740 | 1,544,740 | 1,544,740 | - |
| Strategy 3.1 - Major Roads | 163,105 | 163,105 | 117,283 | 45,822 |
| Strategy 3.2 - Local Streets and Roads | 243,440 | 243,440 | 236,746 | 6,694 |
| Strategy 4.1 - Safe Routes to Schools | 60,690 | 60,690 | - | 60,690 |
| Strategy 4.2 - Crossing Guards | 77,180 | 77,180 | 77,180 | - |
| Strategy 4.3 - Safe Pathways To School | 400,000 | 400,000 | - | 400,000 |
| Interagency Agreements: | | | | |
| Various Agencies - Bike/Ped Path Maintenance | - | - | 13,429 | (13,429) |
| Marin County - Drake/Cole Improvement Project | - | - | 68,000 | (68,000) |
| Total Expenditures | 3,389,645 | 3,389,645 | 3,035,713 | 353,932 |
| EXCESS OF REVENUES OVER EXPENDITURES | (3,299,645) | (3,299,645) | (2,679,548) | 620,097 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | - |
| Transfers (out) | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - |
| NET CHANGE IN FUND BALANCE | \$ (3,299,645) | \$ (3,299,645) | (2,679,548) | \$ 620,097 |
| Fund balance at beginning of year | | | 9,933,252 | |
| Reconciling Item | | | | |
| GASB 31 - fair market value adjustment on investments | | | (131,187) | |
| FUND BALANCE AT END OF YEAR | | | \$ 7,122,517 | |

TRANSPORTATION AUTHORITY OF MARIN

REQUIRED SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - MEASURE AA SALES TAX FUND

FOR THE YEAR ENDED JUNE 30, 2023

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|------------------|---------------|---------------|---|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Measure AA Sales Tax Revenue | \$ 34,800,000 | \$ 34,800,000 | \$ 34,961,617 | \$ 161,617 |
| Investment Revenue | 160,000 | 160,000 | 943,604 | 783,604 |
| Total Revenues | 34,960,000 | 34,960,000 | 35,905,221 | 945,221 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Administration: | | | | |
| Salaries & Benefits | 1,646,000 | 1,646,000 | 1,553,311 | 92,689 |
| Agency-Wide Classification Study | 25,000 | 25,000 | - | 25,000 |
| Office Lease | 245,000 | 245,000 | 245,108 | (108) |
| Agency IT Related Equipment Upgrade | 40,000 | 40,000 | 20,917 | 19,083 |
| Equipment Purchase/Lease | 10,000 | 10,000 | 4,751 | 5,249 |
| Telephone/Internet/Web Hosting Services | 25,000 | 25,000 | 21,713 | 3,287 |
| Office Supplies & Small Miscellaneous Items | 25,000 | 25,000 | 43,660 | (18,660) |
| Insurance | 15,000 | 15,000 | 14,682 | 318 |
| Financial Audit | 23,000 | 23,000 | 28,300 | (5,300) |
| Legal Services | 15,000 | 15,000 | 2,995 | 12,005 |
| Document/Video/Marketing Material Production | 25,000 | 25,000 | 54,305 | (29,305) |
| Memberships | 12,000 | 12,000 | 15,725 | (3,725) |
| Travel/Meetings/Conferences | 20,000 | 20,000 | 22,968 | (2,968) |
| Professional Development | 5,000 | 5,000 | 5,099 | (99) |
| Human Resources/Board Support | 20,000 | 20,000 | 2,764 | 17,236 |
| Information Technology Support | 45,000 | 45,000 | 43,337 | 1,663 |
| Annual Support & Upgrade of Financial System | 10,000 | 10,000 | 7,569 | 2,431 |
| Professional Services: | | | | |
| Bellam Blvd 101 Off-ramp Improvements - Design & ROW | 700,000 | 700,000 | 61,616 | 638,384 |
| Project Management Oversight | 100,000 | 100,000 | 139,385 | (39,385) |
| Financial Advisor/Sales Tax Audit Services | 10,000 | 10,000 | 23,613 | (13,613) |
| Measure A/AA Sales Tax Compliance Audit | 20,000 | 20,000 | 19,194 | 806 |
| N/S Greenway - Construction Design Support | 150,000 | 150,000 | - | 150,000 |
| Public Outreach Service Support | 25,000 | 25,000 | 1,000 | 24,000 |
| Consulting Pool | 5,000 | 5,000 | 3,548 | 1,452 |

(Continued)

TRANSPORTATION AUTHORITY OF MARIN

REQUIRED SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - MEASURE AA SALES TAX FUND

FOR THE YEAR ENDED JUNE 30, 2023

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|----------------|---------------|---|
| | Original | Final | | |
| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| Measure AA Sales Tax Program/ Projects: | | | | |
| Major Road Set Aside | 5,000,000 | 5,000,000 | 8,558,382 | (3,558,382) |
| Category 1.1 - MSN B7/B8 Design/ROW/Utility Work | 1,400,000 | 1,400,000 | 1,175,147 | 224,853 |
| Category 1.1 - MSN B7 Construction Design Support | 400,000 | 400,000 | 219,402 | 180,598 |
| Category 1.2 - 580/101 Direct Connector Project PID & PAE] | 1,100,000 | 1,100,000 | 644,663 | 455,337 |
| Category 1.3 - Enhance Interchanges | 1,200,000 | 1,200,000 | 324,304 | 875,696 |
| Category 1.4 - Transportation Demand Management | 100,000 | 100,000 | 41,858 | 58,142 |
| Category 2.1 - Local Roads | 6,773,432 | 6,773,432 | 6,587,187 | 186,245 |
| Category 2.2 - Large Safe Pathways Capital Projects | 1,000,000 | 1,000,000 | 871,248 | 128,752 |
| Category 2.3 - Sea Level Rise | 100,000 | 100,000 | 10,535 | 89,465 |
| Category 2.4 - Innovative Technology | 115,000 | 115,000 | 32,305 | 82,695 |
| Category 3.1 - Safe Routes to School | 1,090,000 | 1,090,000 | 1,146,192 | (56,192) |
| Category 3.2 - Crossing Guards | 1,950,000 | 1,950,000 | 1,980,302 | (30,302) |
| Category 3.3 - Small Safe Pathways Capital Projects | 250,000 | 250,000 | 1,755 | 248,245 |
| Category 4.1 - Local Bus Transit Service | 6,000,000 | 6,000,000 | 4,579,793 | 1,420,207 |
| Category 4.2 - Rural Bus Transit Service | 1,131,141 | 1,131,141 | 1,131,141 | - |
| Category 4.3 - Special Needs Transit Service | 4,159,467 | 4,159,467 | 2,594,817 | 1,564,650 |
| Category 4.4 - School Transit Service | 1,600,000 | 1,600,000 | 1,098,029 | 501,971 |
| Category 4.5 - Bus Transit Facilities | 1,628,357 | 1,628,357 | 1,628,357 | 0 |
| Category 4.6 - Expand Access to Transit | 124,499 | 124,499 | - | 124,499 |
| Interagency Agreements: | | | | |
| Various Agencies - Bike/Ped Path Maintenance | 100,000 | 100,000 | - | 100,000 |
| Marin Transit - Bus Facility Lease or Purchase Contribution | 1,100,000 | 1,100,000 | - | 1,100,000 |
| Marin County - Drake/Cole Improvement Project | 68,000 | 68,000 | - | 68,000 |
| Caltrans - 580/101 Direct Connector PID | 120,000 | 120,000 | 74,639 | 45,361 |
| Caltrans & Other - MSN B7 PS&E/ROW Support & Capital | 450,000 | 450,000 | - | 450,000 |
| Caltrans - MSN B7 Construction Capital & Support | 1,026,000 | 1,026,000 | 399,430 | 626,570 |
| Total Expenditures | 41,201,896 | 41,201,896 | 35,435,046 | 5,766,850 |
| EXCESS OF REVENUES OVER EXPENDITURES | (6,241,896) | (6,241,896) | 470,175 | 6,712,071 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | - |
| Transfers (out) | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - |
| NET CHANGE IN FUND BALANCE | \$ (6,241,896) | \$ (6,241,896) | 470,175 | \$ 6,712,071 |
| Fund balance at beginning of year | | | 29,175,575 | |
| Reconciling Item | | | | |
| GASB 31 - fair market value adjustment on investments | | | (468,357) | |
| FUND BALANCE AT END OF YEAR | | | \$ 29,177,393 | |

TRANSPORTATION AUTHORITY OF MARIN

**REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - MEASURE B VRF FUND
FOR THE YEAR ENDED JUNE 30, 2023**

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|-----------------------|-----------------------|---------------------|---|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Measure B VRF Revenue | \$ 2,300,000 | \$ 2,300,000 | \$ 2,320,048 | \$ 20,048 |
| Investment Revenue | 20,000 | 20,000 | 85,770 | 65,770 |
| Total Revenues | 2,320,000 | 2,320,000 | 2,405,818 | 85,818 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Administration: | | | | |
| Salaries & Benefits | 148,000 | 148,000 | 198,074 | (50,074) |
| Office Supplies & Small Miscellaneous Items | 1,000 | 1,000 | 2,022 | (1,022) |
| Legal Services | 10,000 | 10,000 | 634 | 9,366 |
| Document/Video/Marketing Material Production | 5,000 | 5,000 | 70 | 4,930 |
| Travel/Meetings/Conferences | 5,000 | 5,000 | - | 5,000 |
| Professional Services: | | | | |
| Public Outreach Service Support | - | - | 4,750 | (4,750) |
| Measure B VRF: | | | | |
| Element 1.1 - Local Streets and Roads | 2,257,095 | 2,257,095 | 2,195,034 | 62,061 |
| Element 1.2 - Bike/Ped Pathways | 100,000 | 100,000 | 49,434 | 50,566 |
| Element 2.1 - Mobility Management Programs | 100,000 | 100,000 | 100,000 | - |
| Element 2.2 - Paratransit & Low-Income Scholarships | 190,000 | 190,000 | 190,000 | 0 |
| Element 2.3 - Paratransit Plus | 360,000 | 360,000 | 403,109 | (43,109) |
| Element 2.4 - Volunteer Drive & Gap Grant | 300,000 | 300,000 | 132,201 | 167,799 |
| Element 3.1 - Safe Routes to School/Street Smart Program | 175,000 | 175,000 | 175,000 | - |
| Element 3.2 - Commute Alternative Programs | 350,000 | 350,000 | 225,315 | 124,685 |
| Element 3.3 - Alternative Fuel Vehicle Program | 350,000 | 350,000 | 325,706 | 24,294 |
| Total Expenditures | 4,351,095 | 4,351,095 | 4,001,349 | 349,746 |
| EXCESS OF REVENUES OVER EXPENDITURES | (2,031,095) | (2,031,095) | (1,595,531) | 435,564 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | - |
| Transfers (out) | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - |
| NET CHANGE IN FUND BALANCE | \$ (2,031,095) | \$ (2,031,095) | (1,595,531) | \$ 435,564 |
| Fund balance at beginning of year | | | 3,113,345 | |
| Reconciling Item | | | | |
| GASB 31 - fair market value adjustment on investments | | | (44,337) | |
| FUND BALANCE AT END OF YEAR | | | \$ 1,473,477 | |

TRANSPORTATION AUTHORITY OF MARIN

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PENSION CONTRIBUTIONS LAST SIX FISCAL YEARS

Cost Sharing Multiple-Employer Defined Benefit Pension Plans
Last 10 Years*

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

| Measurement Date | 2023 | 2022 | 2021 | 2020 |
|--|---------------|---------------|---------------|---------------|
| Plan's proportion of the Net Pension Liability (Asset) | 0.011609% | -0.022855% | 0.006077% | 0.001524% |
| Plan's proportion share of the Net Pension Liability (Asset) | \$ 543,205 | \$ (433,976) | \$ 256,313 | \$ 61,031 |
| Plan's Covered Payroll | \$ 2,037,041 | \$ 1,888,977 | \$ 1,904,514 | \$ 1,779,778 |
| Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll | 26.67% | -22.97% | 13.46% | 3.43% |
| Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability | 76.68% | 91.92% | 77.71% | 77.73% |
| Discount Rate | 6.90% | 7.15% | 7.15% | 7.15% |
| Measurement Date | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 |

| Measurement Date | 2019 | 2018* |
|--|---------------|---------------|
| Plan's proportion of the Net Pension Liability (Asset) | 0.008852% | 0.0135900% |
| Plan's proportion share of the Net Pension Liability (Asset) | \$ 333,588 | \$ 343,003 |
| Plan's Covered Payroll | \$ 1,640,908 | \$ 1,255,694 |
| Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll | 20.33% | 27.32% |
| Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability | 77.69% | 75.39% |
| Discount Rate | 7.15% | 7.15% |
| Measurement Date | June 30, 2018 | June 30, 2017 |

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

Cost Sharing Multiple-Employer Defined Pension Plans
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

| Fiscal Year ended June 30: | 2023 | 2022 | 2021 | 2020 |
|---|--------------|--------------|--------------|--------------|
| Actuarially determined contribution | \$ 207,757 | \$ 192,251 | \$ 193,878 | \$ 180,465 |
| Contributions in relation to the actuarially determined contributions | (207,757) | (192,251) | (193,878) | (180,465) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 2,221,888 | \$ 2,037,041 | \$ 1,888,977 | \$ 1,904,514 |
| Contributions as a percentage of covered payroll | 9.35% | 9.44% | 10.26% | 9.48% |
| Fiscal Year ended June 30: | 2019 | 2018* | | |
| Actuarially determined contribution | \$ 550,084 | \$ 115,695 | | |
| Contributions in relation to the actuarially determined contributions | (550,084) | (115,695) | | |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | | |
| Covered payroll | \$ 1,779,778 | \$ 1,640,908 | | |
| Contributions as a percentage of covered payroll | 30.91% | 7.05% | | |

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

TRANSPORTATION AUTHORITY OF MARIN

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS LAST FOUR FISCAL YEARS

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

CALPERS

Last 10 fiscal years*

| Fiscal Year Ending | 6/30/2023 | 6/30/2022 | 6/30/2021 | 6/30/2020 |
|--|-------------------|-------------------|-------------------|-------------------|
| Measurement Date | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 |
| Discount Rate on Measurement Date | 3.54% | 2.20% | 2.25% | 3.51% |
| Total OPEB Liability | | | | |
| Service Cost | \$ 70,646 | \$ 67,912 | \$ 62,290 | \$ 56,468 |
| Interest | 15,991 | 14,571 | 19,382 | 2,185 |
| Changes of benefit terms | - | - | - | 413,559 |
| Differences between expected and actual experience | (26,233) | - | (65,378) | - |
| Changes of assumptions | (132,734) | 5,069 | 87,693 | 24,642 |
| Benefit payments | (7,451) | (14,532) | (13,904) | - |
| Net change in total OPEB liability | (79,781) | 73,020 | 90,083 | 496,854 |
| Total OPEB liability - beginning | 659,957 | 586,937 | 496,854 | - |
| Total OPEB liability - ending (a) | \$ 580,176 | \$ 659,957 | \$ 586,937 | \$ 496,854 |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 7,451 | \$ 14,532 | \$ 41,404 | \$ - |
| Net investment income | (4,191) | 5,477 | 377 | - |
| Benefit payments | (7,451) | (14,532) | (13,904) | - |
| Administrative expense | (8) | (10) | (8) | - |
| Net change in plan fiduciary net position | (4,199) | 5,467 | 27,869 | - |
| Plan fiduciary net position - beginning | 33,336 | 27,869 | - | - |
| Plan fiduciary net position - ending (b) | \$ 29,137 | \$ 33,336 | \$ 27,869 | \$ - |
| Net OPEB liability - ending (a)-(b) | \$ 551,039 | \$ 626,621 | \$ 559,068 | \$ 496,854 |
| Covered- employee payroll | \$ 2,115,975 | \$ 2,035,875 | \$ 1,971,505 | \$ 1,847,787 |
| Net OPEB liability as a percentage of covered-employee payroll | 26.04% | 30.78% | 28.36% | 26.89% |

Notes to schedule:

* Fiscal year 2020 was the first year of implementation.

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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.

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 | | | | | | | | | |
|--------------------------------|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Governmental Activities: | | | | | | | | | | |
| Restricted | | | | | | | | | | |
| Corte Madera Project | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 10,002 | 9,984 |
| CMA Projects/Programs | \$ 1,931,115 | \$ 887,015 | \$ 942,316 | \$ 706,094 | \$ 1,111,365 | \$ 1,654,299 | \$ 1,807,945 | \$ 2,047,909 | \$ 2,266,878 | \$ 1,582,014 |
| TFCA Projects/Programs | \$ 955,619 | \$ 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 |
| Measure A Projects/Programs | \$ 7,113,857 | \$ 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 |
| Measure AA Projects/Programs | \$ 29,107,815 | \$ 29,746,451 | \$ 19,514,817 | \$ 15,341,061 | \$ 6,249,615 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Measure B Projects/Programs | \$ 1,427,594 | \$ 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 |
| Total Governmental | | | | | | | | | | |
| Activities Net Position | \$ 40,536,000 | \$ 44,358,431 | \$ 35,518,918 | \$ 43,622,724 | \$ 46,591,069 | \$ 39,658,016 | \$ 46,656,488 | \$ 49,729,228 | \$ 42,341,924 | \$ 33,619,161 |

TRANSPORTATION AUTHORITY OF MARIN

FINANCIAL TRENDS – CHANGES IN NET POSITION LAST TEN FISCAL YEARS

| EXPENSES | Fiscal Years Ending June 30 | | | | | | | | | |
|-------------------------------|-----------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Governmental Activities: | | | | | | | | | | |
| Congestion Management | \$ 45,165,463 | \$ 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 |
| Interest | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 14,308 | \$ 70,695 | \$ 125,431 |
| Total Expenses | <u>\$ 45,165,463</u> | <u>\$ 35,982,143</u> | <u>\$ 49,113,994</u> | <u>\$ 37,973,856</u> | <u>\$ 34,879,040</u> | <u>\$ 42,395,402</u> | <u>\$ 39,766,538</u> | <u>\$ 29,905,547</u> | <u>\$ 25,278,467</u> | <u>\$ 32,504,195</u> |
| REVENUES | | | | | | | | | | |
| Program Revenues: | | | | | | | | | | |
| Grants and Contributions | \$ 3,369,054 | \$ 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 |
| Total Revenues | <u>\$ 3,369,054</u> | <u>\$ 9,232,310</u> | <u>\$ 7,729,826</u> | <u>\$ 3,234,508</u> | <u>\$ 8,081,927</u> | <u>\$ 6,329,413</u> | <u>\$ 8,024,309</u> | <u>\$ 8,535,259</u> | <u>\$ 5,657,885</u> | <u>\$ 4,225,369</u> |
| Net (Expense)/Revenue | <u>\$ (41,796,409)</u> | <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> |
| GENERAL REVENUES | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Sales Tax | \$ 34,965,482 | \$ 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 |
| Vehicle Registration | \$ 2,320,048 | \$ 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 |
| Investment Earnings | \$ 688,449 | \$ (1,514,891) | \$ 180,746 | \$ 2,007,743 | \$ 1,914,194 | \$ 139,632 | \$ 122,475 | \$ 682,270 | \$ 164,964 | \$ 203,298 |
| Total General Revenues | <u>\$ 37,973,980</u> | <u>\$ 35,589,347</u> | <u>\$ 33,280,362</u> | <u>\$ 31,771,003</u> | <u>\$ 33,730,166</u> | <u>\$ 29,067,517</u> | <u>\$ 28,669,489</u> | <u>\$ 28,757,591</u> | <u>\$ 28,343,345</u> | <u>\$ 26,637,315</u> |
| Governmental Activities | | | | | | | | | | |
| Change in Net Position | <u>\$ (3,822,429)</u> | <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> |

TRANSPORTATION AUTHORITY OF MARIN

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

| | Fiscal Years Ending June 30 | | | | | | | | | |
|-------------------------|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| General Fund | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | \$ 2,166,370 | \$ 759,523 | \$ 1,116,884 | \$ 899,880 | \$ 755,114 | \$ 1,770,058 | \$ 1,807,945 | \$ 2,047,909 | \$ 1,687,929 | \$ 1,582,014 |
| Total General Fund | <u>\$ 2,166,370</u> | <u>\$ 759,523</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> |
| All Other Funds | | | | | | | | | | |
| Nonspendable | \$ 21,444 | \$ 21,444 | \$ 21,444 | \$ 21,444 | \$ 24,140 | \$ 29,111 | \$ 21,444 | \$ 21,444 | \$ 40,496 | \$ - |
| Restricted | \$ 38,720,936 | \$ 42,834,334 | \$ 34,510,303 | \$ 42,382,108 | \$ 45,067,562 | \$ 38,134,462 | \$ 43,860,646 | \$ 47,085,034 | \$ 40,988,405 | \$ 34,856,630 |
| Total Sales Tax Program | <u>\$ 38,742,379</u> | <u>\$ 42,855,778</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> |

TRANSPORTATION AUTHORITY OF MARIN

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

| | Fiscal Years Ending June 30 | | | | | | | | | |
|--|-----------------------------|----------------------|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|----------------------|----------------------|-----------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| REVENUES | | | | | | | | | | |
| Sales Tax | \$ 35,086,472 | \$ 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 |
| Vehicle Registration Fee | \$ 2,320,048 | \$ 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 |
| Investment Earnings | \$ 688,449 | \$ (1,514,891) | \$ 180,746 | \$ 2,007,743 | \$ 1,914,194 | \$ 139,632 | \$ 122,475 | \$ 682,270 | \$ 164,964 | \$ 203,298 |
| Project and Program Revenues | \$ 3,379,053 | \$ 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 |
| Total Revenues | \$ 41,474,022 | \$ 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 |
| EXPENDITURES | | | | | | | | | | |
| Congestion management - Current | | | | | | | | | | |
| Administration | \$ 3,711,737 | \$ 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 |
| Professional Services | \$ 550,799 | \$ 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 |
| Measure A | \$ 2,957,868 | \$ 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 |
| Measure AA | \$ 33,301,841 | \$ 22,108,424 | \$ 22,768,626 | \$ 16,896,486 | \$ 182,971 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Measure B | \$ 3,442,412 | \$ 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 |
| Interagency Agreements | \$ 215,918 | \$ 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 |
| Other Capital Expenditures | \$ - | \$ 362,625 | \$ 1,310,733 | \$ 366,674 | \$ 66,388 | \$ 176,392 | \$ 276,856 | \$ 765,658 | \$ 43,196 | \$ 171,012 |
| Debt Service | | | | | | | | | | |
| Principal | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 953,854 | \$ 1,865,628 | \$ 1,810,894 |
| Interest and Fiscal Charges | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 14,308 | \$ 70,696 | \$ 125,431 |
| Total Expenditures | \$ 44,180,575 | \$ 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 |
| Excess (Deficiency) of Revenues | | | | | | | | | | |
| Over (Under) Expenditures | \$ (2,706,552) | \$ 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) |
| NET CHANGE IN FUND BALANCES | | | | | | | | | | |
| Fund Balances - Beginning | \$ 43,615,300 | \$ 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 |
| Fund Balances - Ending | \$ 40,908,748 | \$ 43,615,300 | \$ 35,648,631 | \$ 43,303,432 | \$ 45,846,816 | \$ 39,933,631 | \$ 45,690,035 | \$ 49,154,387 | \$ 42,716,831 | \$ 36,438,645 |
| Debt Service as a Percentage of | | | | | | | | | | |
| Total Expenditures | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 3.24% | 7.68% | 5.98% |

Other Capital Expenditures are for TFCA projects and program funding contributions and should be included in the calculation.

TRANSPORTATION AUTHORITY OF MARIN

REVENUE CAPACITY – SALES TAX REVENUE COLLECTION LAST TEN FISCAL YEARS

| Fiscal Year Ended June 30: | Sales Tax Rate | Sales Tax Revenue | Annual Growth |
|---------------------------------------|---------------------------|------------------------------|--------------------------|
| 2023 | 0.50% | \$ 35,086,472 | 0.96% |
| 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% |

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 | Apr-23 | Apr-22 | Apr-21 | Apr-20 | Apr-19 | Apr-18 | Apr-17 | Apr-16 | Apr-15 | Apr-14 |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Belvedere | 8.25% | 8.00% | 8.25% | 8.25% | 8.25% | 8.25% | 8.25% | 8.50% | 8.50% | 8.50% |
| Corte Madera | 9.00% | 8.75% | 9.00% | 9.00% | 9.00% | 8.75% | 8.75% | 9.00% | 9.00% | 9.00% |
| Fairfax | 9.00% | 8.75% | 9.00% | 9.00% | 9.00% | 9.00% | 9.00% | 9.00% | 9.00% | 9.00% |
| Larkspur | 9.25% | 8.75% | 9.00% | 9.00% | 9.00% | 9.00% | 8.75% | 9.00% | 9.00% | 9.00% |
| Mill Valley | 8.25% | 8.00% | 8.25% | 8.25% | 8.25% | 8.25% | 8.25% | 8.50% | 8.50% | 8.50% |
| Novato | 8.50% | 8.25% | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% | 8.75% | 9.00% | 9.00% |
| Ross | 8.25% | 8.00% | 8.25% | 8.25% | 8.25% | 8.25% | 8.25% | 8.50% | 8.50% | 8.50% |
| San Anselmo | 9.25% | 8.50% | 8.75% | 8.75% | 8.75% | 8.75% | 8.75% | 9.00% | 9.00% | 9.00% |
| San Rafael | 9.25% | 9.00% | 9.25% | 9.00% | 9.00% | 9.00% | 9.00% | 9.25% | 9.25% | 9.25% |
| Sausalito | 9.25% | 8.50% | 8.75% | 8.75% | 8.75% | 8.75% | 8.75% | 9.00% | 9.00% | 8.50% |
| Tiburon | 8.25% | 8.00% | 8.25% | 8.25% | 8.25% | 8.25% | 8.25% | 8.50% | 8.50% | 8.50% |
| County-Unincorporated | 8.25% | 8.00% | 8.25% | 8.25% | 8.25% | 8.25% | 8.25% | 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 |
| 2023 | \$ 10 | \$ | 2,320,048 | 0.39% |
| 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% |

Marin County 10-Year Fee Paid Vehicle Registration Data.

| Calendar Year | Registered Vehicles | Change |
|----------------------|----------------------------|---------------|
| 2022 | 237,711 | -1.76% |
| 2021 | 241,977 | -0.82% |
| 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% |

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)

| | | 2022* | |
|--|------|---|--|
| Principal Revenue Payers | Rank | Total Taxable Sales in Marin County | Percentage of Total County Taxes |
| All Other Outlets | 1 | \$ 1,649,124 | 25.18% |
| Motor Vehicle and Parts Dealers | 2 | 944,771 | 14.42% |
| Other Retail Group | 3 | 887,367 | 13.55% |
| Food Services and Drinking Places | 4 | 756,093 | 11.54% |
| Building Material and Garden Equipment and Supplies Dealers | 5 | 549,624 | 8.39% |
| Gasoline Stations | 6 | 460,184 | 7.03% |
| Food and Beverage Stores | 7 | 365,335 | 5.58% |
| Clothing and Clothing Accessories Store | 8 | 346,119 | 5.28% |
| General Merchandise Stores | 9 | 296,615 | 4.53% |
| Home Furnishings and Appliance Stores | 10 | 294,834 | 4.50% |
| | | <u>\$ 6,550,066</u> | <u>100.00%</u> |
| | | 2015 | |
| Principal Revenue Payers | Rank | Total Taxable Sales 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> |

* 2022 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 |
|---------------|-------------------------|--|-----------------------------------|
| 2023 | 252,959 | * | 3.4% |
| 2022 | 255,470 | * | 2.4% |
| 2021 | 259,512 | \$ 164,118 | 4.4% |
| 2020 | 260,388 | \$ 148,419 | 7.0% |
| 2019 | 261,478 | \$ 139,891 | 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% |
| 2012 | 256,662 | \$ 96,146 | 6.3% |

* 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 | 2022 | |
|----------------------------------|------|---------------------|---------------------------------------|
| | | Number of Employees | Percentage of Total County Employment |
| County of Marin | 1 | 2,436 | 1.92% |
| Kaiser Permanente | 2 | 2,339 | 1.84% |
| BioMarin Parmaceutical | 3 | 1,868 | 1.47% |
| San Quentin State Prison | 4 | 1,547 | 1.22% |
| Glassdoor | 5 | 1,452 | 1.15% |
| San Rafael City Schools | 6 | 1,145 | 0.90% |
| Marin General Hospital | 7 | 1,081 | 0.85% |
| Novato Unified School District | 8 | 800 | 0.63% |
| Marin Community Clinics | 9 | 576 | 0.45% |
| Marin County Office of Education | 10 | 449 | 0.35% |
| Total | | 13,693 | 10.80% |
| Total County Employment | | 126,800 | |

Data Source:

County of Marin Annual Comprehensive Financial Report for FY2021-22

¹ Most recent information available.

| Employer | Rank | 2013 | |
|--------------------------------|------|---------------------|---------------------------------------|
| | | Number of Employees | Percentage of Total County Employment |
| County of Marin | 1 | 2,037 | 1.51% |
| Kaiser Permanente | 2 | 1,756 | 1.30% |
| San Quentin State Prison | 3 | 1,690 | 1.25% |
| Marin General Hospital | 4 | 1,300 | 0.96% |
| Autodesk, Inc. | 5 | 1,000 | 0.74% |
| BioMarin Parmaceutical | 6 | 850 | 0.63% |
| Novato Unified School District | 7 | 805 | 0.60% |
| Fireman's Fund Insurance Co. | 8 | 750 | 0.55% |
| Lucasfilm Ltd. | 9 | 400 | 0.30% |
| Macys | 10 | 380 | 0.28% |
| Total | | 10,968 | 8.11% |
| Total County Employment | | 135,200 | |

Data Source:

County of Marin Annual Comprehensive Financial Report for years prior.

Community Profile, County of Marin

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

TRANSPORTATION AUTHORITY OF MARIN

OPERATING INFORMATION – FULL – TIME EQUIVALENT EMPLOYEES BY FUNCTION FISCAL YEAR 2022-23

| Function | Fiscal Year Ending June 30, | | | | | |
|----------------------------|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 * |
| Capital Project | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Executive | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Finance and Administration | 4.80 | 4.80 | 4.80 | 4.80 | 4.80 | 4.80 |
| Planning | 2.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 |
| Policy and Programming | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 |
| Public Outreach | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Total Employees | 13.80 | 12.80 | 12.80 | 12.80 | 12.80 | 12.80 |

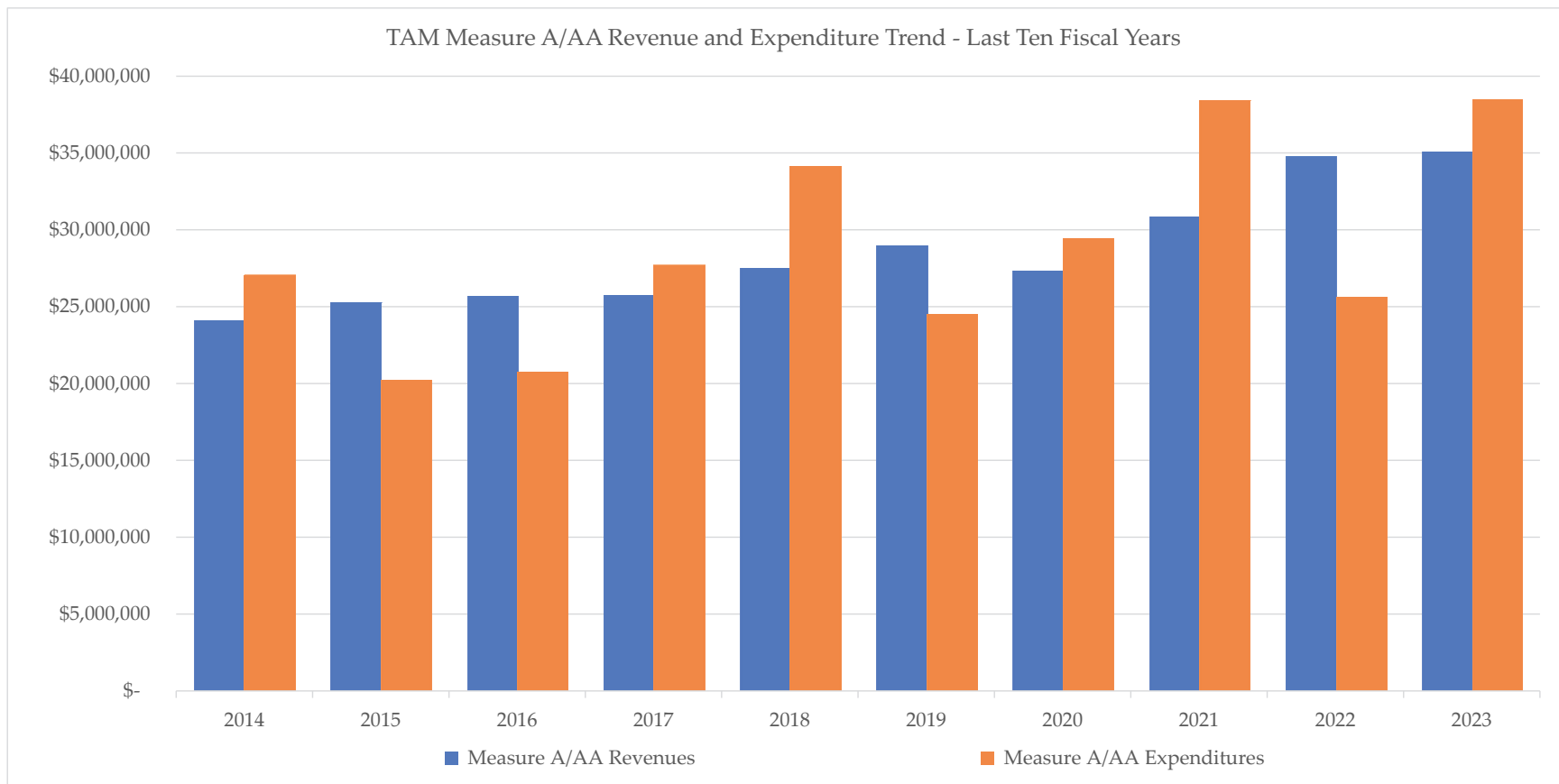
* TAM had no directly hired employees prior to 2018.

TRANSPORTATION AUTHORITY OF MARIN

OPERATING INFORMATION LAST TEN FISCAL YEARS

Fiscal Year Ending June 30

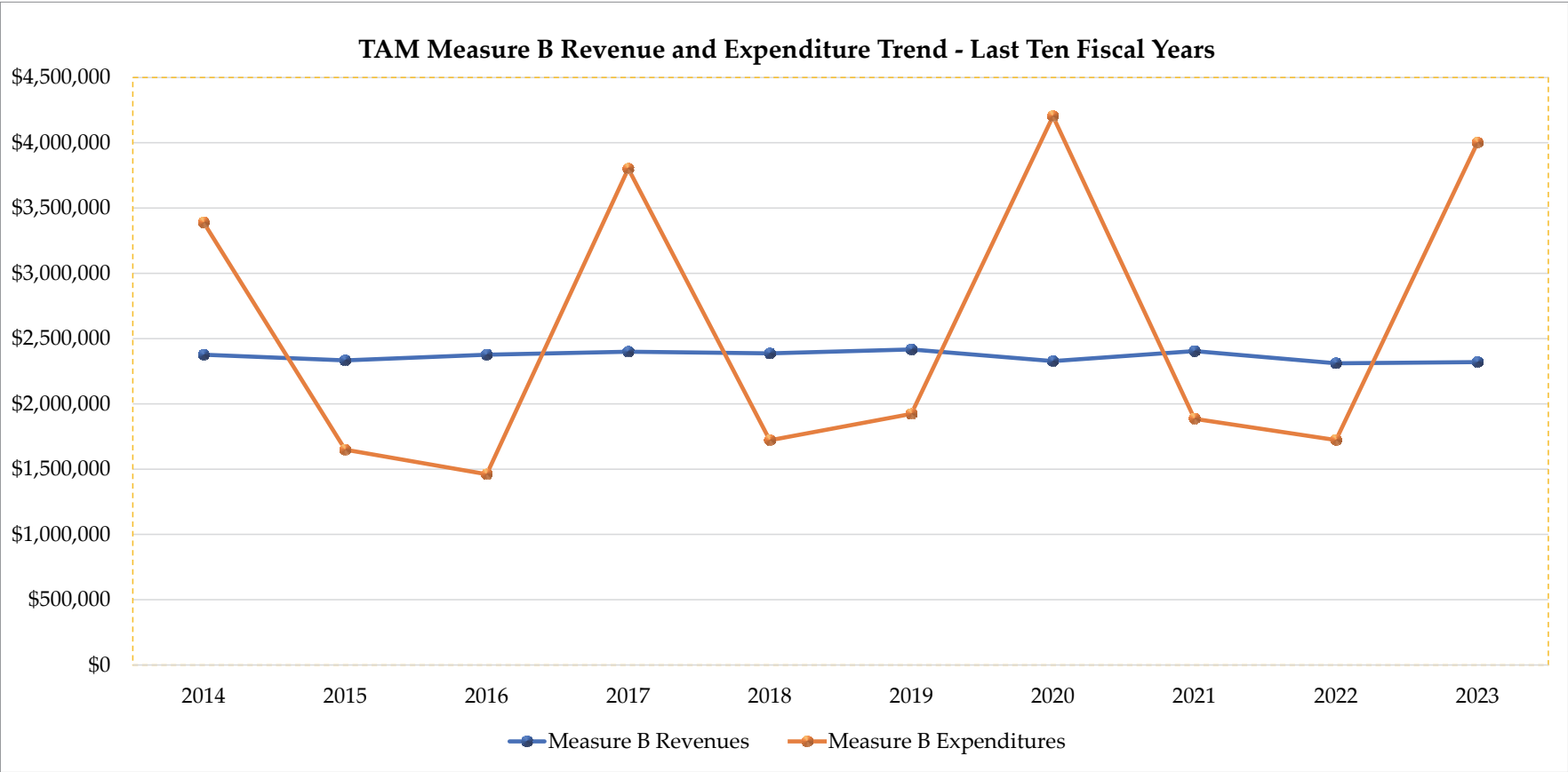
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Measure A/AA Revenues | \$ 24,086,678 | \$ 25,265,790 | \$ 25,702,937 | \$ 25,755,762 | \$ 27,507,852 | \$ 28,976,082 | \$ 27,345,662 | \$ 30,832,521 | \$ 34,754,393 | \$ 35,086,472 |
| Measure A/AA Expenditures | \$ 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 | \$ 38,470,758 |



TRANSPORTATION AUTHORITY OF MARIN

OPERATING INFORMATION
LAST TEN FISCAL YEARS

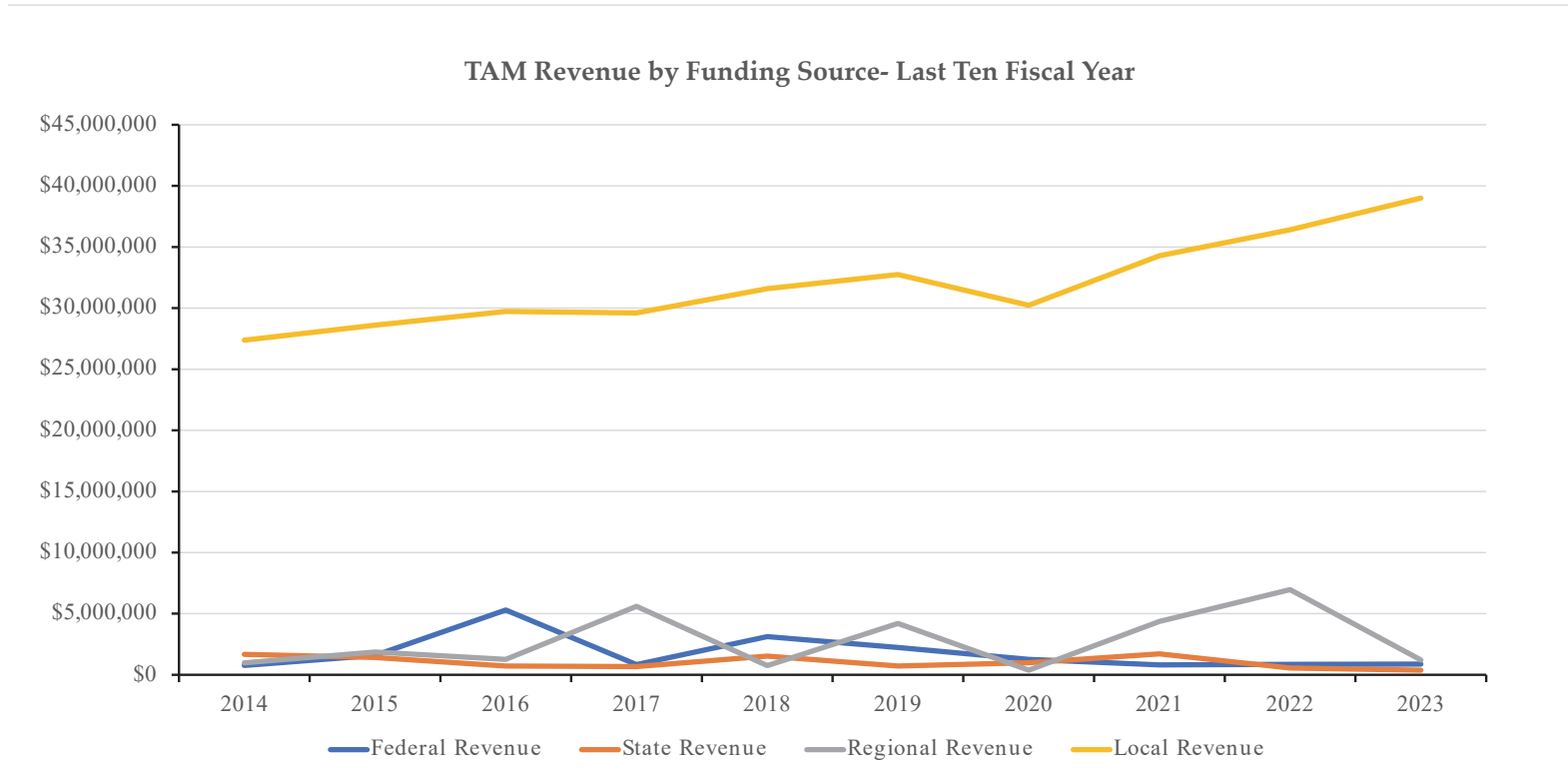
| | Fiscal Year Ending June 30 | | | | | | | | | |
|------------------------|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Measure B Revenues | 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 | 2,320,048 |
| Measure B Expenditures | 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 | 4,001,349 |



TRANSPORTATION AUTHORITY OF MARIN

OPERATING INFORMATION LAST TEN FISCAL YEARS

| | Fiscal Year Ending June 30 | | | | | | | | | |
|-------------------------|----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Federal Revenue | 763,713 | 1,591,156 | 5,301,158 | 840,442 | 3,124,051 | 2,238,572 | 1,258,585 | 814,473 | 860,748 | 878,095 |
| State Revenue | 1,674,388 | 1,418,942 | 716,923 | 665,974 | 1,530,790 | 719,436 | 993,156 | 1,707,370 | 554,574 | 376,382 |
| Regional Revenue | 977,992 | 1,862,025 | 1,259,013 | 5,597,422 | 753,288 | 4,200,382 | 383,768 | 4,364,229 | 6,972,426 | 1,218,073 |
| Local Revenue | 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 | 39,001,472 |
| Total | 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 | 41,474,022 |



COMPLIANCE SECTION

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

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

We have audited, in accordance with 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, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 14, 2023.

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*.

We have also issued a separate Memorandum on Internal Control dated December 14, 2023 which is an integral part of our audit and should be read in conjunction with this report.

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.

This report is intended solely for the information and use of the Metropolitan Transportation Commission, management, Board of Commissioners, others within the Authority, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties; however, this restriction is not intended to limit the distribution of this report, which is a matter of public record.



Pleasant Hill, California
December 14, 2023

**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 for 5% Administration Cap

Opinion on Compliance for 5% Administration Cap

We have audited the Transportation Authority of Marin (Authority)'s compliance the requirements of the 5% administration cost cap limit (Limit) contained in the Marin County Transportation Sales Tax Expenditure Plan that count have a direct and material effect on the financial statements for the year ended June 30, 2023.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Sales Tax Measures for the year ended June 30, 2023.

Basis for Opinion on the Measure __ 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 requirements specified in the Funding Agreement. Our responsibilities under those standards 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 Sales Tax Measure. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Management's Responsibility

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 agreements applicable to the Sales Tax Measure.

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 requirements specified in the Funding Agreement 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 the Authority's compliance with the requirements of the Sales Tax Measure as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Funding Agreement, 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 requirements referred to above, 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 the Sales Tax Measure 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 the Sales Tax Measure 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 the Sales Tax Measure 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, specified in the 5% administration cost cap limit (Limit) contained in the Marin County Transportation Sales Tax Expenditure Plan

Maze + Associates

Pleasant Hill, California
December 14, 2023

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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Federal Program

Opinion on the Major Federal Program

We have audited the Transportation Authority of Marin's (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, 2023. 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, 2023.

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.

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

We have audited the financial statements of the governmental activities and each major fund of the Authority as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated December 14, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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.

Maze + Associates

Pleasant Hill, California
December 14, 2023

TRANSPORTATION AUTHORITY OF MARIN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR JUNE 30, 2023

| Federal Grantor/ Pass-Through Grantor/Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Identifying Number | Federal Expenditures |
|---|--|--|---------------------------------|
| US Department of Transportation Pass-Through Programs From: | | | |
| Metropolitan Transportation Commission | | | |
| STP/CMAQ Planning | 20.205 | CMA Planning Agreement FY2018-22 | \$ 964,637 |
| Total US Department of Transportation | | | 964,637 |
| Total Expenditures of Federal Awards | | | \$ 964,637 |

See Accompanying Notes to Schedule of Expenditures of Federal Awards

TRANSPORTATION AUTHORITY OF MARIN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2023

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, 2023

SECTION I—SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major program(s):

| Assistance Listing Number(s) | Name of Federal Program or Cluster |
|-------------------------------------|---|
| <u>20.205</u> | <u>Highway Planning and Construction</u> |

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

TRANSPORTATION AUTHORITY OF MARIN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

FINANCIAL STATEMENT FINDINGS

None reported.

TRANSPORTATION AUTHORITY OF MARIN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2023

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

TRANSPORTATION AUTHORITY OF MARIN

SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2023

None reported.