

**TRANSPORTATION AUTHORITY OF MARIN**

**BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**TRANSPORTATION AUTHORITY OF MARIN  
FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**TABLE OF CONTENTS**

FINANCIAL SECTION

Independent Auditor’s Report .....	1
Management’s Discussion and Analysis .....	3
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Assets .....	9
Statement of Activities .....	10
Fund Financial Statements:	
Balance Sheet-Governmental Funds.....	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets .....	12
Statement of Revenues, Expenditures, and Changes in Fund Balances- All Governmental Funds .....	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities.....	15
Notes to Basic Financial Statements .....	16
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – All Governmental Funds – Budgetary Basis .....	23
Other Supplemental Information:	
Board of Directors .....	25
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	26
Independent Auditor’s Report on Compliance .....	28



---

# MOSS, LEVY & HARTZHEIM LLP

---

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS:**

RONALD A. LEVY, C.P.A.  
CPAIG A. HARTZHEIM, C.P.A.  
HADLEY Y. HUI, C.P.A.

9107 WILSHIRE BLVD., STE. 400  
BEVERLY HILLS, CA 90210  
PHONE: (310) 273-2745  
FAX: (310) 273-1689  
EMAIL: mlhbh@mlhpcpas.com

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Transportation Authority of Marin (Authority) as of and for the fiscal year ended June 30, 2008, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Transportation Authority of Marin as of June 30, 2008, and the respective changes in financial position thereof for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Authority adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* and GASB Statement No. 50, *Pension Disclosures – An Amendment of GASB Statements No. 25 and No. 27*, effective July 1, 2007.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 29, 2008, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – All Governmental Funds, as listed in the table of contents are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Beverly Hills, CA

## **Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2008**

This section of the Transportation Authority of Marin's (TAM's) basic financial statements presents management's overview and analysis of the financial activities of TAM for the fiscal year ended June 30, 2008. We encourage the reader to consider the information presented here in conjunction with the financial statements as a whole.

### **Financial Highlights**

TAM collected a total of \$29.3 million various revenues in FY2007-08, of which \$22.4 million, or 76.5%, is Measure A sales tax revenue. TAM finished FY2007-08 with a total sales tax revenue collection of \$22.4 million, which is \$0.7 million, or 3%, less than the \$23.1 million collected in FY2006-07. It was expected that with the sluggish economy, financial woes, and troublesome housing market, that sale tax revenue for FY2007-08 would be negatively impacted. It's likely that this declining trend will continue for another year or two until the economy and the financial and housing markets are stabilized.

Other than Measure A sales tax revenue, TAM received \$2.7 million from the Corridor Mobility Improvement Account (CMIA), one of the several program elements of the \$19.9 billion Proposition 1B Transportation Infrastructure Bond approved by the voters back in 2006. All \$2.7 million received are for the 580/101 Connector Project. \$1.4 million Regional Measure 2 (RM2) funds were also received from the Metropolitan Transportation Commission (MTC) for various RM2 capital projects TAM manages. TAM also collected close to \$0.5 million from MTC in Congestion Management Planning and Programming funds. Cities, towns, and the County of Marin also contributed a total of \$430,000 for the various services/supports TAM provides as the Congestion Management Agency. TAM also earned a total of \$1.2 million in interest revenues in FY2007-08 and \$0.7 million in various other revenues.

Total FY2007-08 expenditures for TAM were \$22.4 million, of which \$16.2 million was for various Measure A programs/projects, \$1.5 million for administration and project management, \$1.0 million for transportation planning and program, and \$3.7 million for major transportation projects.

### **Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to TAM's audited financial statements, which are comprised of the basic financial statements.

The required financial statements include the Government-wide and Fund Financial Statements; Statement of Net Assets and Statement of Activities; Governmental Funds Balance Sheet; and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances. These statements are supported by notes to the financial statements. All sections must be considered together to obtain a complete understanding of the financial picture of TAM.

### **The Basic Financial Statements**

The Basic Financial Statements comprise the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of TAM's financial activities and financial position.

The Government-wide Financial Statements provide a longer-term view of TAM's activities as a whole, and comprise the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the financial position of TAM as a whole, including all of its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides

information about all of TAM's revenues and all of its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of TAM's programs. The Statement of Activities explains in detail the change in Net Assets for the year.

All of TAM's activities are grouped into Government Activities, as explained below.

The Fund Financial Statements report TAM's operations 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; they 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. Major Funds are explained below.

### **The Government-wide Financial Statements**

Government-wide Financial Statements are prepared on the accrual basis, which means they measure the flow of all economic resources of TAM as a whole. The Statement of Net Assets and the Statement of Activities present information about the following:

#### Governmental Activities

TAM's basic services are considered to be governmental activities. These services are supported by various transportation funding sources from various federal, state and local funding agencies.

### **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 Governmental Accounting Standards Board (GASB) Statement No. 34 and replaces the concept of combining like funds and presenting them in total. Instead, 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 year, and may change from year to year as a result of changes in the pattern of TAM's activities.

In TAM's case, there are four Major Governmental Funds.

#### CMA General Fund

This fund accounts for expenditures for TAM's congestion management activities, primarily congestion management planning and programming work elements, and the management of various capital projects. The fund spent a total of \$5.0 million for various transportation planning and programming activities, and capital projects in FY2007-08.

The fund's fiscal year end fund balance is \$0.9 million, representing funds that have not yet been expended but are committed to various congestion management activities.

#### BAAQMD/TFCA Fund

This fund accounts for expenditures for the Transportation for Clean Air (TFCA) capital grant that TAM receives from the Bay Area Air Quality Management District (BAAQMD). The purpose of the TFCA grant is to fund studies related to monitoring of air quality control, and any capital improvements that can contribute to the improvement of air quality. The fund spent \$86,422 on such activities in FY2007-08.

The fund's fiscal year end fund balance is \$2.5 million, representing funds that have not yet been expended but are committed to different air quality control projects.

#### Measure A Sales Tax Fund

This fund accounts for expenditures for the projects and programs set forth by the voters in TAM's Transportation Sales Tax Expenditure Plan, approved by Marin voters in November 2004. The fund spent \$15.8 million on such activities and an additional \$1.5 million on administration and professional services.

The fund's fiscal year end fund balance is \$27.2 million, representing funds that have not yet been expended but committed to various projects and programs according to the Expenditure Plan.

#### Corte Madera Creek Bridge Fund

This fund accounts for expenditures for the Central Marin Ferry Connection Project. As part of the Highway 101 Gap Closure Project implementation, the project sponsor, the Department of Transportation (Caltrans), needed to obtain a permit from the Bay Conservation and Development Commission (BCDC) to conduct some work within BCDC's jurisdiction. BCDC determined the project had unavoidable impacts to resources under its purview and required certain mitigations as a condition to the issuance of a permit. A contribution in the amount of \$400,000 was made by Caltrans and deposited in this special fund as required by BCDC. This funding is reserved for the Central Marin Ferry Connection Project, which is expected to enhance public access to the San Francisco shoreline. This fund was transferred from the Marin Department of Public Works to TAM in FY2006-07. It currently has a balance of \$461,580, and no expenditures occurred for this fund in FY2007-08.

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.

Comparisons of Budget and Actual financial information are presented for all Funds.

### **Analyses of Major Funds**

#### Governmental Funds

Actual revenues for FY2007-08 were \$29.3 million, \$6.6 million less than the budgeted amount, mainly due to the fact that the progress of various capital projects did not move as fast as expected, therefore, revenues budgeted for those projects were not received as planned. The \$3.1 million expected from the Traffic Congestion Relief Program (TCRP) was not received. Only \$1.4 million of the \$7.1 million RM2 funds budgeted came in as reimbursement of the work which occurred in FY2007-08, due to only \$1.4 million being expended. On the other hand, Measure A sales tax is \$1.6 million higher than the \$20.8 million budgeted, and interest revenue is \$0.9 million more than what was originally budgeted.

Actual expenditures were \$22.4 million, \$16.3 million less than the budgeted amount, which again is mainly due to the slower than expected progress of various capital projects. TAM spent \$6.3 million less for the Professional Services, mainly due to the slower than expected progress for the Marin Sonoma Narrows (MSN) Project Preliminary Engineer and Design and various RM2 capital projects. Expenditure for Measure A Projects/Programs is also \$5.9 million less due to the fact that other than Strategy 1, the other three Strategies expended less than budgeted. Also, only \$248,197 out of the \$4.4 million budgeted expenditures were needed for the Interagency Agreements Category.

Governmental Activities

**Table 1**  
**Governmental Net Assets at June 30, 2008**

	<b>FY 2008</b>	<b>FY2007</b>
<b>ASSETS</b>		
Cash and Investments	30,662,335	20,660,107
Sales Tax Receivable	3,615,700	3,524,000
Accounts Receivable	2,303,703	1,145,737
Prepaid Expenses	117,000	
Capital Assets Net of Accumulated Depreciation	<u>19,635</u>	<u>-</u>
<b>Total assets</b>	<b><u>36,718,373</u></b>	<b><u>25,329,844</u></b>
<b>LIABILITIES</b>		
Accounts Payable	5,485,053	1,111,998
Deferred Revenue	<u>87,180</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>5,572,233</u></b>	<b><u>1,111,998</u></b>
<b>NET ASSETS</b>		
Invested in Capital Asset Net of Related Debt	19,635	-
Restricted	31,126,505	24,217,846
Unrestricted	<u>-</u>	<u>-</u>
<b>Total net assets</b>	<b><u>31,146,140</u></b>	<b><u>24,217,846</u></b>

TAM's governmental net assets amounted to \$31,146,140 as of June 30, 2008, an increase of \$6,928,294 over June 30, 2007. This increase of the Change in Net Assets reflected in the Governmental Activities column of the Statement of Activities shown in Table 2. TAM's net assets as of June 30, 2008 comprised the following:

- Cash and investments of \$30,662,335 in the County of Marin Treasury.
- Receivables of \$5,919,403 of sales tax and accounts receivable.
- Prepaid expenses of \$117,000.
- Capital assets net of accumulated depreciation of \$19,635.
- Current liabilities, including accounts payable, claims and other amounts due currently, totaling \$5,572,233.
- Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. Total net assets of TAM were \$32,025,776 as of June 30, 2008, of which all net assets were restricted and committed to various transportation projects and programs.



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

**Table 2**  
**Change in Governmental Net Assets**

	FY 2008	FY2007	Change
<b>EXPENSES</b>			
Administration	784,728	1,390,610	N/A
Project Management	769,211	N/A	N/A
Transportation Planning and Programming	990,913	N/A	N/A
Transportation Projects	3,696,957	N/A	N/A
Measure A Projects and Programs	16,168,939	N/A	N/A
Professional Service	N/A	2,032,711	N/A
Measure A Programs	N/A	13,142,627	N/A
Interagency Agreements	N/A	1,948,417	N/A
<b>Total Expenses</b>	<b>22,410,750</b>	<b>18,514,365</b>	<b>3,896,385</b>
<b>REVENUES</b>			
<b>Programming Revenue</b>			
Operating Grants and Contribution	1,141,166	1,131,873	9,293
Capital Grants	4,586,986	3,981,406	605,580
<b>Total Program Revenues</b>	<b>5,728,152</b>	<b>5,113,279</b>	<b>614,873</b>
<b>General Revenues</b>			
Sales Tax	22,427,786	23,068,785	(640,999)
Interest	1,178,106	901,968	276,138
Misc Revenue	5,000	450	-
<b>Total General Revenues</b>	<b>23,610,892</b>	<b>23,971,203</b>	<b>(364,861)</b>
<b>Total Revenues</b>	<b>29,339,044</b>	<b>29,084,482</b>	<b>254,562</b>
<b>CHANGE IN NET ASSET</b>	<b>6,928,294</b>	<b>10,570,117</b>	<b>(3,641,823)</b>

*See accompanying notes to financial statements*

*Please note that expenses categories are redefined in FY2007-08, therefore are not comparable with the prior year categories and numbers.*

As Table 2 above shows, \$5,728,152, or 19.5% of TAM's FY2007-08 governmental revenues, came from program revenues and \$23,610,892, or 80.5%, came from general revenues such as sales taxes and interest. Program revenues were composed of operating grants and contributions of \$1,141,166, and capital grants of \$4,586,986. Measure A Sales tax revenues are the largest revenue for TAM, and represent about 76.4% of TAM's FY2007-08 revenues. Sales tax revenues are general revenues that are spent under the guideline of the Expenditure Plan approved by the voters in November 2004. Interest earnings are also part of the general revenues.

Programming revenues include both operating grants and contributions and capital grants. Cities and County Contributions are part of the Operating Grants and Contributions revenues. Other Operating Grants and Contributions include STP/CMAQ/T-Plus planning funds, the Transportation Development Act (TDA) Article 3 funding and the Community Based Transportation from MTC, and the STIP/PPM funds from the California Transportation Commission (CTC). Total Operating Grants and Contributions for FY2007-08 is \$1,141,166.

Capital Grants includes the Transportation for Clean Air (TFCA) funding from the Bay Area Air Quality Management District (BAAQMD), Regional Measure 2 (RM2) funding from MTC, the MSN earmark funding from the Federal Highway Administration, and the CMIA bond funding from CTC, in the amount of \$4,586,986.

### **Capital Assets**

For the fiscal year ended June 30, 2008, the total capital asset value for TAM was \$19,635, which is the total value of TAM's Information Technology equipments that cost over \$5,000, net of the depreciation of \$4,909.

### **Debt Administration**

Currently, TAM does not utilize long-term debt for its capital projects.

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

The overall financial condition of TAM reflects financial stability and the potential for organizational growth. However, various funding sources are impacted by the current economic downturn, financial market woes and house market crash.

TAM finished FY2007-08 with a total sales tax revenue collection of \$22.4 million, which is \$0.7 million, or 3%, less than the \$23.1 million collected in FY2006-07. It is likely that this declining trend will continue for another year or two until the economy and housing market are stabilized.

The budget crisis that the State of California has been experiencing may also impact the availabilities of various funding from the State, such as the STIP/PPM and CMIA funding.

On the expenditure side, with the ramp up of major capital projects, TAM is expecting considerable cash needs for the Highway 101 Gap Closure Project, RM2 capital projects, 580/101 Connector, and various Major Road Projects in FY2008-2009. Staff will explore various options that allow TAM to meet the cash needs of various capital projects at minimum financial cost to the agency. TAM will continue to maintain a watchful eye over expenditures and remain committed to sound fiscal management practices to delivery the highest quality service to the residents of Marin County.

### **Requests for Information**

This Financial Report is intended to provide citizens, taxpayers, and creditors with a general overview of TAM's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Transportation Authority of Marin, 750 Lindero Street, San Rafael, CA 94901-6029; (415) 226-0815.

**TRANSPORTATION AUTHORITY OF MARIN**

**STATEMENT OF NET ASSETS**

**June 30, 2008**

<b>ASSETS</b>	Governmental Activities
Cash and investments	\$ 30,662,335
Sales tax receivable	3,615,700
Accounts receivable	2,303,703
Prepaid expenses	117,000
Capital assets, net of accumulated depreciation	<u>19,635</u>
Total assets	<u>36,718,373</u>
<b>LIABILITIES</b>	
Accounts payable	5,485,053
Deferred revenue	<u>87,180</u>
Total liabilities	<u>5,572,233</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	19,635
Restricted for:	
BAAQD-TFCA Project	2,510,668
Measure A Sales Tax Project	27,244,092
Corte Madera Creek Bridge Project	461,580
Congestion Management Projects	<u>910,165</u>
Total net assets	<u><u>\$ 31,146,140</u></u>

**TRANSPORTATION AUTHORITY OF MARIN**

**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2008**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:				
Administration	\$ 784,731	\$ 147,491	\$ -	\$ (637,240)
Project management	769,211			(769,211)
Transportation planning and programming	990,913	993,675		2,762
Transportation projects	3,696,957		4,586,986	890,029
Measure A projects and programs	16,168,938			(16,168,938)
Total Governmental Activities	\$ 22,410,750	\$ 1,141,166	\$ 4,586,986	(16,682,598)
General Revenues:				
Sales tax				22,427,786
Interest				1,178,106
Miscellaneous revenues				5,000
Total General Revenues				23,610,892
Change in net assets				6,928,294
Net assets at beginning of fiscal year				24,217,846
Net assets at end of fiscal year				\$ 31,146,140

The accompanying notes are an integral part of these basic financial statements

**TRANSPORTATION AUTHORITY OF MARIN**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**June 30, 2008**

<b>ASSETS</b>	General Fund	BAAQD/TFCA Fund	Measure A Sales Tax Fund	Corte Madera Creek Bridge Fund	Total
Cash and investments	\$ (188,125)	\$ 2,509,569	\$ 27,879,311	\$ 461,580	\$ 30,662,335
Sales tax receivable			3,615,700		3,615,700
Accounts receivable	2,269,431		34,272		2,303,703
Prepaid expenditures	71,915	1,099	43,986		117,000
<b>Total assets</b>	<b>\$ 2,153,221</b>	<b>\$ 2,510,668</b>	<b>\$ 31,573,269</b>	<b>\$ 461,580</b>	<b>\$ 36,698,738</b>
 <b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 1,155,876	\$ -	\$ 4,329,177	\$ -	\$ 5,485,053
Deferred revenue	87,180				87,180
<b>Total liabilities</b>	<b>1,243,056</b>		<b>4,329,177</b>		<b>5,572,233</b>
Fund balances:					
Reserved for:					
Prepaid expenditures	71,915	1,099	43,986		117,000
BAAQD/TFCA Fund		2,509,569			2,509,569
Measure A Sales Tax Fund			27,200,106		27,200,106
Corte Madera Creek Bridge Fund				461,580	461,580
Congestion Management	838,250				838,250
<b>Total fund balances</b>	<b>910,165</b>	<b>2,510,668</b>	<b>27,244,092</b>	<b>461,580</b>	<b>31,126,505</b>
<b>Total liabilities and fund balance</b>	<b>\$ 2,153,221</b>	<b>\$ 2,510,668</b>	<b>\$ 31,573,269</b>	<b>\$ 461,580</b>	<b>\$ 36,698,738</b>

**TRANSPORTATION AUTHORITY OF MARIN**

**RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2008**

FUND BALANCE OF GOVERNMENTAL FUNDS \$ 31,126,505

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

Capital assets used in Governmental Activities are not current resources and, therefore, are not reported in the Governmental Fund Balance Sheet.

Capital assets at historical cost	\$ 24,544	
Less: accumulated depreciation	<u>(4,909)</u>	
		<u>19,635</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 31,146,140

**TRANSPORTATION AUTHORITY OF MARIN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**ALL GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2008**

<b>REVENUE</b>	General Fund	BAAQD/TFCA Fund	Measure A Sales Tax Fund	Corte Madera Creek Bridge Fund	Total
Measure A	\$ -	\$ -	\$ 22,427,786	\$ -	\$ 22,427,786
Cities and counties	430,000				430,000
Interest	15,388	100,026	1,042,742	19,950	1,178,106
STP/CMAQ	363,942				363,942
T-Plus	121,169				121,169
STIP/PPM	142,147				142,147
RM2	1,366,128				1,366,128
Community based transportation	24,000				24,000
TDA article 3	59,908				59,908
TFCA/BAAQMD		365,003			365,003
MSN federal earmark	133,219				133,219
CMIA bond revenue	2,722,636				2,722,636
Miscellaneous - project contribution	5,000				5,000
<b>Total revenue</b>	<b>5,383,537</b>	<b>465,029</b>	<b>23,470,528</b>	<b>19,950</b>	<b>29,339,044</b>

**EXPENDITURES**

Administration:					
Salaries & benefits	1,178,916	18,957	592,866		1,790,739
Office lease			131,776		131,776
Office furniture			135,420		135,420
Equipment			84,496		84,496
Telephone			9,707		9,707
Office supplies			19,131		19,131
Insurance			5,288		5,288
Audit			23,268		23,268
Document reproduction	3,024		17,348		20,372
Memberships			3,400		3,400
Travel/meetings/conferences	6,835		8,335		15,170
Professional development	150		850		1,000
Miscellaneous expenditures	108		3,140		3,248

(Continued)

**TRANSPORTATION AUTHORITY OF MARIN**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
ALL GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2008  
(Continued)**

<b>EXPENDITURES (Continued)</b>	General Fund	BAAQD/TFCA Fund	Measure A Sales Tax Fund	Corte Madera Creek Bridge Fund	Total
Professional services:					
CMP	43,027				43,027
T-Plus	34,533				34,533
PMO consultant	348,907		141,902		490,809
Community based transportation	28,050				28,050
Bike planning	50,404				50,404
MSN preliminary engineer and design	58,182				58,182
101 gap closure CMO			278,403		278,403
State legislative assistance	11,111		22,222		33,333
Financial advisor	18,463		11,188		29,651
HR/IT support	137,371		2,823		140,194
Consulting pool	41,175		29,478		70,653
Hwy 101/Greenbrae	876,762				876,762
580/101 connector	2,017,211				2,017,211
Measure A					
Strategy 1 - transit			9,898,398		9,898,398
Strategy 2 - gap closure			478,533		478,533
Strategy 3 - streets & roads			4,151,302		4,151,302
Strategy 4 - safe routes			1,259,728		1,259,728
Interagency agreements:					
TFCA		67,470			67,470
County RM2	180,727				180,727
Total expenditures	<u>5,034,956</u>	<u>86,427</u>	<u>17,309,002</u>		<u>22,430,385</u>
Excess (deficiency) of revenues over (under) expenditures	348,581	378,602	6,161,526	19,950	6,908,659
Fund balances, beginning of fiscal year	<u>561,584</u>	<u>2,132,066</u>	<u>21,082,566</u>	<u>441,630</u>	<u>24,217,846</u>
Fund balances, end of fiscal year	<u>\$ 910,165</u>	<u>\$ 2,510,668</u>	<u>\$ 27,244,092</u>	<u>\$ 461,580</u>	<u>\$ 31,126,505</u>

The accompanying notes are an integral part of these basic financial statements



**TRANSPORTATION AUTHORITY OF MARIN**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN THE FUND BALANCE OF THE GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The schedule below reconciles the Net Changes in Fund Balance reported on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Funds Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCE \$ 6,908,659

Amounts reported for governmental activities in the statement of activities differ because of the following:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures are, therefore, added back to fund balance	\$ 24,544	
Depreciation expense not reported in governmental fund	<u>(4,909)</u>	
		<u>19,635</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 6,928,294

**TRANSPORTATION AUTHORITY OF MARIN**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

**Note 1:           Summary of Significant Accounting Policies**

A.           Reporting Entity

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

TAM's responsibilities include the development and administration of the Transportation Sales Tax Expenditure Plan, approved by Marin voters in November 2004. With the passage of Measure A, TAM now manages the implementation of the transportation projects and programs financed by the ½-cent, 20-year sales tax. TAM also serves as the designated Congestion Management Agency (CMA) for Marin County, providing countywide planning and programming for transportation related needs. As both the sales tax authority and the CMA for Marin County, TAM plays a leading role in the planning, financing and implementation of transportation projects and programs in Marin County.

The TAM sixteen member governing board is comprised of representatives from each of the cities and towns in Marin County, and all five members of the County Board of Supervisors. A Technical Advisory Committee (TAC), made up of Public Works staff, other local government staff and representatives of diverse public interests prioritize infrastructure improvements and make recommendation to TAM. A twelve member Citizens' Oversight Committee, made up of five representatives from the five planning areas and seven representatives from diverse interest groups in Marin County, report directly to the public on issues related to the Expenditure Plan and sales tax use.

B.           Basis of Presentation

**Government-wide Statements:** The Statement of Net Assets and the Statement of Activities include the financial activities of the overall Authority. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Authority's activities. Direct expenses are those that are 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 operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

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

C.           Major Funds

GASB Statement No. 34 defines major funds and requires that the Authority's major governmental type funds be identified and presented separately in the fund financial statements. Major funds are defined as funds that have either assets, liabilities, revenues, or expenditures equal to or greater than ten percent of their fund-type total and five percent of the grand total. The Authority has determined that all of its funds are major funds.

**TRANSPORTATION AUTHORITY OF MARIN**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

**Note 1: Summary of Significant Accounting Policies (Continued)**

C. Major Funds (Continued)

The Authority reported the following major governmental funds in the accompanying financial statements:

CMA General Fund- This fund accounts for revenues and expenditures for the Authority's congestion management activities, primarily congestion management planning and programming work elements, and the management of various capital projects. Major revenue sources for this fund are all programming revenues with the exception of Transportation for Clean Air (TFCA) funds.

BAAQMD/TFCA Fund- This fund accounts for revenues and expenditures for the TFCA capital grant the Authority receives from the Bay Area Air Quality Management District (BAAQMD). The purpose of the TFCA grant is to fund studies related to the monitoring of air quality control, and any capital improvements that can contribute to the improvement of air quality.

Measure A Sales Tax Fund- This fund accounts for revenues and expenditures for the projects and programs set forth by the voters in the Authority's Transportation Sales Tax Expenditure Plan, approved by Marin voters in November 2004.

Corte Madera Creek Bridge Fund- This fund accounts for revenues and expenditures for the Central Marin Ferry Connection Project. As part of the Highway 101 Gap Closure Project implementation, the project sponsor, the Department of Transportation (Caltrans), needed to obtain a permit from the Bay Conservation and Development Commission (BCDC) to conduct some work within BCDC's jurisdiction. BCDC determined the project had unavoidable impacts to resources under its purview and required certain mitigations as a condition to the issuance of a permit. A contribution in the amount of \$400,000 was made by Caltrans and deposited in this special fund as required by BCDC. This funding is reserved for the Central Marin Ferry Connection Project, which is expected to enhance public access to the San Francisco shoreline. This fund was transferred from the Marin Department of Public Workers to the Authority in FY 2006-07.

D. Basis of Accounting

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.

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*. The Authority considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty 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 asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of long-term debt and acquisition under capital leases are reported as *other financing sources*.

*Non-exchange transactions*, in which the Authority gives or received value without directly receiving or giving equal value in exchange, includes entitlements, and donations. Revenues from entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Authority funds certain programs by a combination of specific cost-reimbursement funds, categorical block funds, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. The Authority's policy is to first apply cost-reimbursement resources to such programs, followed by general revenues.

**TRANSPORTATION AUTHORITY OF MARIN**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

**Note 1: Summary of Significant Accounting Policies (Continued)**

E. Budgets and Budgetary Accounting

The budget for expenditures is adopted on the budgetary basis, which is not consistent with accounting principles generally accepted in the United States of America. The budget for revenues and expenditures are adopted by the Board annually in total for all major funds, therefore the Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual is presented in a combined format for all governmental funds and not presented separately for each major fund.

F. Estimates

The preparation of 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.

G. Capital Assets

Purchased capital assets are stated at historical cost or estimated historical cost when original cost is not available. Donated capital assets are recorded at their estimated fair value at the date of donation. The Authority's policy is to capitalize all capital assets with costs exceeding a minimum threshold of \$5,000. Depreciation is recorded using the straight-line method over the estimated useful lives of the capital assets which range from 15 to 20 years for field equipment, 5 to 10 years for office equipment, and 8 to 10 years for vehicles.

H. Net Assets and Fund Balances

**Government-wide Financial Statements**

Invested in Capital Assets, Net of Related Debt- This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that contributed to the acquisition, construction, or improvement of the capital assets.

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

Unrestricted Net Assets- This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets".

**Fund Financial Statements**

Fund Balances- Reservations of fund balance of governmental funds are created to either satisfy legal covenants, including State laws, that require a portion of the fund equity be segregated or identify the portion of the fund equity not available for future expenditures.

I. Risk Management

The Authority 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 the Authority carries commercial insurance through Alliant Insurance Services, Inc.

**TRANSPORTATION AUTHORITY OF MARIN**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

**Note 1:           Summary of Significant Accounting Policies (Continued)**

J.       New Accounting Pronouncements

**Governmental Accounting Standards Board Statement No. 48**

For the fiscal year ended June 30, 2008, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues". The Statement is effective for periods beginning after December 15, 2006. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also contains provisions that apply to certain situations in which a government does not receive resources but, nevertheless, pledges or commits future cash flows generated by collecting specific future revenues. In addition, this statement establishes accounting and financial reporting standards that apply to all intra-entity transfers of assets and future revenues. Implementation of GASB Statement No. 48 did not have an impact on the Authority's basic financial statements for the fiscal year ended June 30, 2008.

**Governmental Accounting Standards Board Statement No. 50**

For the fiscal year ended June 30, 2008, the Authority implemented GASB Statement No. 50, "Pension Disclosure – an Amendment of GASB Statements No. 25 and No. 27". The Statement is effective for periods beginning after June 15, 2007. This Statement establishes and modifies requirements related to financial reporting by pension plans and by employers that provide defined benefit and defined contribution pensions. Implementation of GASB Statement No. 50 did not have an impact on the Authority's basic financial statements for the fiscal year ended June 30, 2008.

**Note 2:           Cash and Investments**

Classification

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

Cash and investments	<u>\$ 30,662,335</u>
Cash and investments, Statement of Net Assets	<u>\$ 30,662,335</u>

Cash and investments as of June 30, 2008 consist of the following:

Deposits with County of Marin	<u>\$ 30,662,335</u>
Total cash and investments	<u><u>\$ 30,662,335</u></u>

**TRANSPORTATION AUTHORITY OF MARIN**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

**Note 2: Cash and Investments (Continued)**

A. Investments Authorized by the California Government Code and the Authority's Investment Policy

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Investment Fund (LAIF)	N/A	None	\$40 million
Certificates of Deposit	None	30%	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Obligations	None	None	None
U.S. Government Securities	None	None	None
State of California and Local Agency Bonds	None	None	None
Bankers Acceptances	180 days	30%	None
Medium-Term Notes	2 years	30%	None
Commercial Paper	270 days	25%	None
Marin County Cash Pool	None	None	None
Repurchase Agreements	1 year	None	None

B. Disclosures Relating to Interest Rate Risk

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

<u>Investment Type</u>	<u>Totals</u>	<u>Remaining maturity (in Months)</u>					<u>More Than 60 Months</u>
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25-36 Months</u>	<u>37-48 Months</u>	<u>49-60 Months</u>	
Deposits with County of Marin	\$ 30,662,335	\$ 30,662,335	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>\$ 30,662,335</u>	<u>\$ 30,662,335</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

C. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfil its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, debt agreements, and the actual rating as of fiscal year end for each investment type.

**TRANSPORTATION AUTHORITY OF MARIN**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

**Note 2: Cash and Investments (Continued)**

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
Deposits with County of Marin	\$ 30,662,335	N/A	\$ -	\$ 30,662,335	\$ -	\$ -	\$ -
Total	<u>\$ 30,662,335</u>		<u>\$ -</u>	<u>\$ 30,662,335</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**D. 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 does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code 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 government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2008, there were no Authority deposits with financial institutions in excess of federal depository insurance limits.

**Note 3: Capital Assets**

Capital assets activity for the fiscal year ended June 30, 2008, was as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Capital assets, being depreciated:				
Technical Equipment	\$ -	\$ 24,544	\$ -	\$ 24,544
Total capital assets, being depreciated		24,544		24,544
Less accumulated depreciation:		(4,909)		(4,909)
Total capital assets, being depreciated, net		19,635		19,635
Capital assets, net	<u>\$ -</u>	<u>\$ 19,635</u>	<u>\$ -</u>	<u>\$ 19,635</u>

Depreciation expense of \$4,909 was charged to administration in the statement of activities.

**TRANSPORTATION AUTHORITY OF MARIN**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

**Note 4:           Operating Lease**

On November 28, 2007 the Authority entered into a 5-year lease with SR Corporate Center Phase One, LLC (Landlord) to rent 9,098 square feet of office space. The base rent commences at \$21,836/month and ends at \$25,059/month. The base rent does not include operating expenses which are determined annually by the Landlord. The Authority subleases to two other agencies (Marin Transit and Sonoma-Marin Area Rail Transit) who reimburse the Authority 28% and 24% of the total rent, respectively. These two Agencies have signed subleases with the Authority, with terms that coincide with the lease with the Landlord. The Authority nets the rent expense with the rental income received from the two agencies in the Authority's financial records. The following is a schedule, by fiscal year, of future minimum lease payments required under the operating lease:

Fiscal Year Ending June 30,	Payment Amount
2009	\$ 267,387
2010	276,749
2011	286,437
2012	296,468
2013	125,295
	\$ 1,252,336

**Note 5:           Employment Agreements**

The Authority has no employees of its own. The Authority has entered into an employment agreement with a joint powers authority, Local Government Services (LGS) for nine employees. The Authority also has two employees on loan from the County of Marin (County). LGS provides staffing, payroll, and related administrative services to small governmental agencies. The Authority pays LGS and the County hourly rates for each employee. The hourly rates for each employee include salary, fringe benefits, and a flat administration fee (LGS), or overhead charge (County). For LGS, the Authority prepays the expected monthly fee prior to the service month.

Because the Authority has no employees of its own, there is no accrued payroll or compensated absences liabilities on the books of the Authority. Any benefits or accrued compensation due to the employees of LGS or the County are the responsibility of their respective employers.

**Note 6:           Commitments and Contingencies**

The Authority has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under the terms of the grants, it is believed that any required reimbursements will not be material.



**TRANSPORTATION AUTHORITY OF MARIN**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - BUDGETARY BASIS**  
**For the Fiscal Year Ended June 30, 2008**

<b>REVENUE</b>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Measure A	\$ 20,800,000	\$ 20,800,000	\$ 22,427,786	\$ 1,627,786
Cities and counties	430,000	430,000	430,000	
Interest	250,000	250,000	1,178,106	928,106
STP/CMAQ	375,000	375,000	363,942	(11,058)
T-Plus	150,000	150,000	121,169	(28,831)
STIP/PPM	141,000	141,000	142,147	1,147
RM2	7,100,000	7,100,000	1,366,128	(5,733,872)
Community based transportation	55,000	55,000	24,000	(31,000)
TDA article 3	63,000	63,000	59,908	(3,092)
TFCA/BAAQMD	363,038	363,038	365,003	1,965
Non-motorized transportation pilot prog	100,000	100,000		(100,000)
MSN federal earmark	500,000	500,000	133,219	(366,781)
CMIA bond revenue	2,500,000	2,500,000	2,722,636	222,636
TCRP	3,100,000	3,100,000		(3,100,000)
Miscellaneous - project contribution			5,000	5,000
Total revenue	35,927,038	35,927,038	29,339,044	(6,587,994)

**EXPENDITURES**

Administration:

Salaries & benefits	1,778,000	1,778,000	1,790,739	(12,739)
Office lease	186,500	186,500	131,776	54,724
Office furniture	79,500	79,500	135,420	(55,920)
Equipment	80,000	80,000	84,496	(4,496)
Telephone	14,300	14,300	9,707	4,593
Office supplies	20,000	20,000	19,131	869
Insurance	8,000	8,000	5,288	2,712
Audit	15,000	15,000	23,268	(8,268)
Legal	20,000	20,000		20,000
Accounting/payroll	10,000	10,000		10,000
Document reproduction	10,000	10,000	20,372	(10,372)
Memberships	10,000	10,000	3,400	6,600
Travel/meetings/conferences	20,000	20,000	15,170	4,830
Professional development	5,000	5,000	1,000	4,000
Miscellaneous expenses	5,000	5,000	3,248	1,752

(Continued)

**TRANSPORTATION AUTHORITY OF MARIN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - BUDGETARY BASIS  
For the Fiscal Year Ended June 30, 2008  
(Continued)**

<b>EXPENDITURES (Continued)</b>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Professional services:				
CMP	65,000	65,000	43,027	21,973
T-Plus	75,000	75,000	34,533	40,467
PMO consultant	400,000	400,000	490,809	(90,809)
Community based transportation	49,000	49,000	28,050	20,950
Bike planning	63,000	63,000	50,404	12,596
MSN hot lane follow up study	200,000	200,000		200,000
MSN preliminary engineer and design	3,100,000	3,100,000	58,182	3,041,818
101 gap closure CMO	290,000	290,000	278,403	11,597
Federal legislative Assistance	25,000			
State legislative assistance	35,000	35,000	33,333	1,667
Financial advisor	35,000	30,000	29,651	349
HR/IT support	55,000	105,000	140,194	(35,194)
Consulting pool	50,000	55,000	70,653	(15,653)
Hwy 101/Greenbrae	3,500,000	3,500,000	876,762	2,623,238
580/101 connector	2,350,000	2,350,000	2,017,211	332,789
Street smarts - NTPP	100,000	100,000		100,000
Measure A				
Reserve	1,040,000	1,040,000	1,121,389	(81,389)
Strategy 1 - transit	9,733,514	9,733,514	9,898,398	(164,884)
Strategy 2 - gap closure	1,984,115	1,984,115	478,533	1,505,582
Strategy 3 - streets & roads	6,805,406	6,805,406	4,151,302	2,654,104
Strategy 4 - safe routes	3,119,250	3,119,250	1,259,728	1,859,522
Interagency agreements:				
TFCA	600,000	600,000	67,470	532,530
County RM2	3,800,000	3,800,000	180,727	3,619,273
Total expenditures	<u>39,735,585</u>	<u>39,760,585</u>	<u>23,551,774</u>	<u>16,208,811</u>
Excess (deficiency) of revenues over (under) expenditures	(3,808,547)	(3,833,547)	5,787,270	9,620,817
Fund balances at beginning of period	24,217,846	24,217,846	24,217,846	
Reserve			1,121,389	1,121,389
Fund balances at end of period	<u>\$ 20,409,299</u>	<u>\$ 20,384,299</u>	<u>\$ 31,126,505</u>	<u>\$ 10,742,206</u>

The accompanying notes are an integral part of these basic financial statements

**TRANSPORTATION AUTHORITY OF MARIN**

**Board of Commissioners**

**June 30, 2008**

Susan Adams

Paul Albritton

Judy Arnold

Al Boro

Peter Breen

Harold C. Brown

Alexandra Cock

Dr. Thomas Cromwell

Carole Dillon-Knutson

Alice Fredericks

Steve Kinsey

Joan Lundstrom

Mary Ann Maggiore

Charles McGlashan

Stephanie Moulton-Peters

Michael Skall



---

**MOSS, LEVY & HARTZHEIM LLP**

---

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS:**

RONALD A. LEVY, C.P.A.  
CRAIG A. HARTZHEIM, C.P.A.  
HADLEY Y. HUI, C.P.A.

9107 WILSHIRE BLVD., STE. 400  
BEVERLY HILLS, CA 90210  
PHONE: (310) 273-2745  
FAX: (310) 273-1689  
EMAIL: mlhbh@mlhpcpas.com

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Transportation Authority of Marin for the fiscal year ended June 30, 2008, and have issued our report thereon dated September 29, 2008. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the Authority in a separate letter to management.

#### Compliance and Other Matters

Compliance with laws, regulations, contracts, and grant agreements is the responsibility of the management of the Authority. As part of obtaining reasonable assurance about whether Transportation Authority of Marin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Commissioners and management of the Authority, and is not intended to be and should not be used by anyone other than these specified parties.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Beverly Hills, CA  
September 29, 2008



# MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS:**

RONALD A. LEVY, C.P.A.  
CRAIG A. HARTZHEIM, C.P.A.  
HADLEY Y. HUI, C.P.A.

9107 WILSHIRE BLVD., STE. 400  
BEVERLY HILLS, CA 90210  
PHONE: (310) 273-2745  
FAX: (310) 273-1689  
EMAIL: mlhbh@mlhpcpas.com

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Transportation Authority of Marin for the fiscal year ended June 30, 2008, and have issued our report thereon dated September 29, 2008. 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.

Compliance with laws, regulations, contracts, and grant agreements is the responsibility of the management of the Authority. As part of obtaining reasonable assurance about whether Transportation Authority of Marin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of the Transportation Development Act, as amended, allocation instructions and resolutions of the Metropolitan Transportation Commission as required by Section 6664 and 6666 of Title 21 of the California Code of Regulations, and the 5% administration cost cap limit of the Marin County Transportation Sales Tax Expenditure Plan, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the standards referred to in the paragraph above.

This report is intended solely for the information and use of the Board of Commissioners and management of the Authority, and is not intended to be and should not be used by anyone other than these specified parties.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Beverly Hills, CA  
September 29, 2008