

**TRANSPORTATION AUTHORITY  
OF MARIN**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2015**

# TRANSPORTATION AUTHORITY OF MARIN

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JUNE 30, 2015

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**TRANSPORTATION AUTHORITY OF MARIN**

**BOARD OF COMMISSIONERS**

**JUNE 30, 2015**

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JUDY ARNOLD

DAMON CONNOLLY

SANDRA DONNELL

ALICE FREDERICKS

DIANE FURST

FORD GREENE

DAN HILLMER

MADELINE KELLNER

P. BEACH KUHL

STEVE KINSEY

KATIE RICE

KATHRIN SEARS

STEPHANIE MOULTON-PETERS

GARY PHILLIPS

JOHN REED

TOM THEODORES

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*FINANCIAL SECTION*

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Transportation Authority of Marin (Authority) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority, as of June 30, 2015, 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.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The budgetary comparison information for all funds is presented for purposes of additional analysis 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 subject to the auditing procedures applied in the audit of the 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information for all funds is fairly stated in all material respects in relation to the basic financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering of the Authority's internal control over financial reporting and compliance.

Palo Alto, California  
December 14, 2015



# TRANSPORTATION AUTHORITY OF MARIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2015**

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This section of the Transportation Authority of Marin's (the Authority) financial statements presents management's overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2015. We encourage the reader to consider the information presented here in conjunction with the financial statements as a whole.

### FINANCIAL HIGHLIGHTS

The Authority collected a total of \$33.5 million revenues in FY2014-15, of which \$25.3 million, or 75.6% is Measure A sales tax revenue. We have seen steady growth of the sales tax revenue in Marin County for the last five years. The Authority's \$25.3 million Measure A collection in FY 2014-15 is \$1.2 million, or 4.9% higher than the \$24.1 million collected in FY2013-14. This continuing health revenue improvement will help the financial picture of all the transportation projects and programs in Marin County. A total of \$2.3 million was collected under Measure B, the \$10 Vehicle Registration Fee (VRF) program in FY2014-15. The Measure A Sale Tax and Measure B VRF revenues are the two dedicated local transportation funding sources and vital to the successful implementation of all transportation projects and programs in Marin County.

Besides the Measure A sales tax revenues and the Measure B VRF revenue collection for carrying various transportation-related projects and programs in the County, the Authority also received about \$5.7 million for all its Congestion Management Agency (CMA) related activities. As the CMA for Marin County, the Authority collected about \$1.2 million from the Metropolitan Transportation Commission (MTC) in Congestion Management Planning and Programming funds. Cities, towns, and the County of Marin also contributed \$0.4 million for the various services/support the Authority provides as the CMA. About \$0.1 million was received from the State Transportation Improvement Program (STIP) for Planning, Programming and Monitoring activities for all state projects. A total of \$1.9 million Regional Measure 2 (RM2) funds were received for various RM2 capital projects in Marin County. The Authority collected about \$0.4 million in Transportation Funds for Clean Air (TFCA) funds, a program funded by a \$4 surcharge on motor vehicles registered in the Bay Area. A total of \$1.2 million of STIP Regional Improvement Program (RIP) and Highway Bridge Program funds were received from the State and Federal Highway Administration (FHWA) for the various Marin Sonoma Narrows projects. The Authority also received about \$0.1 million in other federal grant for its Dynamic Rideshare Pilot project.

The Authority collected \$28,865 in interest revenue from the Marin County Investment Pool in FY2014-15. As the result of the Investment Option Study conducted early in 2014, the TAM Board authorized staff to invest up to two-third of TAM's cash balance in CalTRUST, a program established by public agencies in California for the purpose of pooling and investing local agency funds. \$25 million of TAM's fund balance was moved into various CalTRUST accounts as of October 1, 2013, with \$23 million in the Sales Tax Fund, \$1.5 million the VRF fund, and \$0.5 million in TFCA Fund. Total interest revenue received from various CalTRUST funds during FY2014-15 is \$185,231. As of June 30, 2015, the unrealized loss from the various accounts is \$351. Including the funds in the Marin County Investment Pool and CalTRUST, TAM has a total cash/investment balance of \$43.9 million as of June 30, 2015.

Total FY2014-15 expenditures for the Authority were \$27.1 million, of which \$20.2 million was in the Measure A Sales Tax Fund, and consisted of \$1.4 million for administration, \$0.1 million for professional services, \$1.9 million for debt services, which is for the payback of the MTC loan secured to meet the cash flow needs of the Highway 101 Gap Closure Project, with the remaining \$16.8 million for Measure A projects and programs. Expenditures for all Measure B VRF programs were \$1.6 million. The other \$5.3 million expenditures are for various CMA planning/ programming activities and major capital projects.

# **TRANSPORTATION AUTHORITY OF MARIN**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015**

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### **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Authority'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 Position and Statement of Activities, Governmental Funds Balance Sheet, and the Governmental Fund Statement of Revenues, Expenditures and Changes in the 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 the Authority.

### **THE BASIC FINANCIAL STATEMENTS**

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

The Government-wide Financial Statements provide a long-term view of the Authority's activities as a whole, and include the Statements of Net Position and Statement of Activities. The Statement of Net Position provides information about the financial position of the Authority as a whole, including all of its capital assets and long-term liabilities on the full accrual basis of accounting, similar to that used by corporations. The Statement of Activities provides information about all the Authority's revenues and expenses, also on the full accrual basis of accounting, with the emphasis on meeting net revenues or expenditures of the Authority's programs. The Statement of Activities explains in detail the change in Net Position for the fiscal year.

All of the Authority's activities are grouped into Governmental Activities, as explained below.

The Fund Financial Statements report the Authority's operation in more detail than the Governmental-wide Financial Statements and focus primarily on the short-term activities of the Authority'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 the Authority and are presented individually. All funds of the Authority qualify or have been selected to be Major Funds and are explained below.

### **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 the Authority as a whole. The Statement of Net Position and the Statement of Activities present information about the following:

#### **Government Activities**

The Authority'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.

# TRANSPORTATION AUTHORITY OF MARIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

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### FUND FINANCIAL STATEMENTS

The Fund Financial Statements provide detailed information about each of the Authority'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 the Authority for the fiscal year, and may change from year to year as a result of changes in the pattern of the Authority's activities.

The Authority currently has five active governmental funds. Following is a discussion of the results of operations of each fund during FY2014-15.

#### **CMA General Fund**

This Fund accounts for the revenues and expenditures of the Authority'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 \$5.2 million for various transportation planning and programming activities, and capital projects management, and received a total of \$5.3 million in revenue in FY2014-15.

The fund's fiscal year-end balance is \$1.7 million. The fund balance represents funds that have not yet been expended but are restricted for various congestion management activities.

#### **BAAQMD/ TFCA Fund**

This Fund accounts for the revenues and expenditures for the Transportation for Clean Air (TFCA) capital grant that 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. Revenue received in FY2014-15 is \$358,970. The fund spent \$83,758 on such activities in FY2014-15.

The fund's fiscal year-end balance is \$1.5 million, representing funds that have not yet been expended but are restricted for air quality control and improvement projects.

#### **Measure A Sales Tax Fund**

This fund accounts for the revenues and expenditures for the projects and programs set forth by the voters in the Authority's Measure A Transportation Sales tax Expenditure Plan, approved by Marin voters in November 2004. \$25.3 million in revenue was collected in FY2014-15. The fund spent \$20.2 million on various Measure A related activities, 1.4 million for administration, \$0.1 million for professional services, \$1.9 million for debt services, which is for the payback of the MTC loan secured to meet the cash flow needs of the Highway 101 Gap Closure Project, with the remaining \$16.8 million for Measure A projects and programs.

The fund's fiscal year-end balance is \$36.5 million, representing funds that have not yet been expended but are restricted for various projects and programs according to the Measure A Expenditure Plan.

# TRANSPORTATION AUTHORITY OF MARIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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### **Corte Madera Creek Bridge Fund**

This fund accounts for a portion of the revenue 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 projects had unavoidable impacts to resources under its purview and required certain mitigation 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 County Department of Public Works to the Authority in FY2006-07. No expenditure occurred for this fund in FY2014-15 and fund balance as of June 30, 2015 is \$10,002.

### **Measure B Vehicle Registration Fee**

Under Senate Bill 83, the CMA may place an initiative on the County ballot to obtain up to \$10 in additional revenue from vehicle registration payments. In 2009, the Authority began evaluating the viability for obtaining revenues and the possibility of supporting a variety of underfunded transportation efforts. The process resulted in a ballot measure, Measure B, for simple majority approval to fund various exciting transportation projects and programs through the vehicle registration fee increases in the November 2010 election. With the strong support for the much needed transportation projects/programs around the County, Measure B, the \$10 vehicle registration fee increase, was passed successfully with a 63.5% approval rate.

Revenue collected from the Measure B program will help reduce traffic congestion, maintain roads, improve safety, and reduce air pollution by maintaining local and residential streets and pathways; funding transportation options for seniors and disabled persons; funding local pothole repair; providing school crossing guards and safe access to schools; and reducing commute trip congestion and supporting a cleaner environment. The fund collected \$2.3 million in FY2014-15 and spent over \$1.6 million on various Measure B programs. Fund balance as of June 30, 2015 is \$3.0 million.

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 Statements.

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

# TRANSPORTATION AUTHORITY OF MARIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

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### ANALYSES OF GOVERNMENTAL FUNDS BUDGET

#### Governmental Funds

Actual revenues from various sources for FY2014-15 were \$33.3 million, about \$3.1 million less than the budgeted amount. Both the Measure A Sales Tax and Measure B VRF revenues came in significantly higher than budget with the strong taxable sales and steady ownership of vehicles in Marin, while reimbursement-based revenues for most of the major capital projects were lower than budgeted due to project schedule changes. Total Measure A revenue collection was \$25.3 million, \$1.3 million higher than expected. Total Measure B revenue collection was \$2.3 million, \$0.1 million higher than expected. TAM received all the local CMA fee contributions from all the cities, towns and County. Revenue levels for all reimbursement based fund sources were determined by the actual expenditures of various programs/projects.

Total expenditures for FY2014-15 were \$27.1 million, \$12.3 million lower than the budget amount, which is mainly due to the slower than expected progress of various capital projects. Spending level for the Administration Category was at \$2.3 million, \$0.5 million lower than the \$2.8 million budgeted. The Authority spent \$3.0 million under the Professional Services Category; \$2.2 million lower than budgeted, mostly due to the slower than expected projects made for various Marin Sonoma Narrows (MSN) and RM2 capital projects. Expenditures for Measure A Projects/Programs were at \$18.7 million, which is \$5.9 million less than budget with all four strategies expended less than the budgeted amounts. Expenditures for all Measure B Programs were at \$1.5 million, very close to what was budgeted for the year. Only \$1.5 million of the \$4.7 million budgeted for the Interagency Agreements Category was spent since most of the work, including the construction of the Central Marin Ferry Connection Project, was delayed. Expenditure for all TFCA projects/programs was less than \$0.1million, \$0.5 million less than budgeted.

# TRANSPORTATION AUTHORITY OF MARIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
<b>Assets</b>			
Cash and Investments	\$ 43,884,026	\$ 39,652,952	\$ 39,300,427
Sales Tax Receivable	4,687,979	3,914,593	3,803,313
Accounts Receivable	3,456,392	1,872,058	2,820,334
Prepaid Expenses	40,496	-	-
<b>Total Assets</b>	<b><u>52,068,893</u></b>	<b><u>45,439,603</u></b>	<b><u>45,924,074</u></b>
<b>Liabilities</b>			
Current Liabilities			
Accounts Payable	5,644,771	8,790,039	5,222,286
Unearned Revenue	3,128,343	210,920	810,739
Noncurrent Liabilities			
Due within One Year	953,855	1,865,628	1,810,894
Due in more than One Year	-	953,855	2,819,484
<b>Total Liabilities</b>	<b><u>9,726,969</u></b>	<b><u>11,820,442</u></b>	<b><u>10,663,403</u></b>
<b>Net Position</b>			
Restricted	42,341,924	33,619,161	35,260,671
<b>Total Net Position</b>	<b><u>\$ 42,341,924</u></b>	<b><u>\$ 33,619,161</u></b>	<b><u>\$ 35,260,671</u></b>

The Statement of Net Position summarizes the Authority's assets and liabilities with the difference of the two reported as net position. Table 1 summarizes the net position of governmental activities for the fiscal year ended June 30, 2015, June 30, 2014 and June 30, 2013.

The Authority's governmental net position was \$42.3 million as of June 30, 2015, and comprised of the following:

- Cash and Investments of \$43.9 million in the Marin County Investment Pool and CalTRUST.
- Receivables and Prepaid Expenses of \$8.2 million in sales tax and other accounts receivables.
- Liabilities, including all accounts payables, deferred revenue and long term debt, totaling \$9.7 million.
- Unrestricted net position was the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. Total net position for the Authority was \$42.3 million as of June 30, 2015, which were all restricted for various transportation projects and programs.

TRANSPORTATION AUTHORITY OF MARIN

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

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

	<b>FY 2015</b>	<b>FY 2014</b>	<b>Change</b>
<b>Revenues</b>			
<b>Programming revenue:</b>			
Operating Grants and Contributions	\$ 1,986,906	\$ 1,494,630	\$ 492,276
Capital Grants	3,670,979	2,730,739	940,240
<b>Total Program Revenues</b>	<b>5,657,885</b>	<b>4,225,369</b>	<b>1,432,516</b>
<b>General revenue:</b>			
Sales Tax	25,265,790	24,086,678	1,179,112
Vehicle Registration Fee	2,333,642	2,347,339	(13,697)
Interest	28,865	41,587	(12,722)
Investment Income (CalTrust)	185,231	112,930	72,301
Investment Unrealized Gain/(Loss)	(49,132)	48,781	(97,913)
<b>Total General Revenues</b>	<b>27,764,396</b>	<b>26,637,315</b>	<b>1,127,081</b>
<b>Expenses</b>			
Administration	652,015	759,358	(107,343)
Project Management	360,030	356,016	4,014
Transportation Planning	1,642,040	1,216,162	425,878
Transportation Projects	3,360,631	2,325,937	1,034,694
Measure A Projects and Programs	17,568,652	24,341,105	(6,772,453)
Measure B Programs	1,624,404	3,380,186	(1,755,782)
Interest on Long-term Debt	70,695	125,431	(54,736)
<b>Total Expenses</b>	<b>25,278,467</b>	<b>32,504,195</b>	<b>(7,225,728)</b>
<b>Changes in Net Position</b>	<b>8,143,814</b>	<b>(1,641,511)</b>	<b>9,785,325</b>
<b>Net Position - Beginning</b>	<b>33,619,161</b>	<b>35,260,672</b>	<b>(1,641,511)</b>
<b>Net Position - Ending</b>	<b>\$41,762,975</b>	<b>\$33,619,161</b>	<b>\$ 8,143,814</b>

# TRANSPORTATION AUTHORITY OF MARIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2015**

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The Statements of Activities present program revenues and expenses and general revenues in detail. All of these elements in the Changes in Governmental Net Position are summarized below.

As Table 2 shows, \$5.7 million or 16.9 % of the Authority's FY2014-15 governmental revenues, came from programming revenues and \$27.8 million, or 83.1%, came from general revenues such as Measure A sales taxes, Measure B vehicle registration fee (VRF) and interest revenue. Program revenues were composed of operating grants and contributions of \$2.0 million, and capital grants of \$3.7 million.

Measure A Sales tax revenues are the largest revenue for the Authority, and represent about 75.6% of the Authority's FY2014-15 revenues. Sales tax revenues are general revenues that are spent under the guidelines of the Expenditure Plan approved by Marin County voters in November 2004. Measure B VRF revenue is another voter approved dedicated transportation fund source for Marin County. \$2.3 million was collected in FY2014-15 under this funding source. 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 planning funds from MTC, the STIP/PPM funds from the California Transportation Commission (CTC). Total Operating Grants and Contribution for FY2014-15 is \$2.0 million.

Capital Grants include the Transportation for Clean Air (TFCA) funding from the Bay Area Air Quality Management District (BAAQMD), Regional Measure 2 (RM2) from MTC, and STIP-RIP, in the amount of \$3.7 million.

### **Debt Administration**

To meet the cash flow needs of the 101 Gap Closure project, the Authority entered into a \$12.5 million CMAQ/ Measure A Fund Exchange Agreement with MTC on November 2007. The first payment to MTC was made in June 2009. It is the Authority's intent to fully repay this loan by December 31, 2015 with its Measure A debt reserve funds.

Date of exchange agreement:	November 28, 2007
Original amount of exchange agreement:	\$12,500,000
Unpaid principal balance:	\$953,855
Maturity date:	December 31, 2015
Interest rate:	3% until 12/31/15, and 10% thereafter on any unpaid balance
Date to which interest has been paid:	June 30, 2015



# **TRANSPORTATION AUTHORITY OF MARIN**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2015**

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

The Authority will continue to maintain a watchful eye over expenditures and remain committed to sound fiscal management practices to deliver the highest quality services to the residents of Marin County.

With the steady growth of the Measure A sales tax revenues collection and reliable revenue stream from the Measure B VRF, the Authority will be able to continue many of the vital transportation projects/ programs in Marin. The Authority hopes funding level from various federal and state resources will be stabilized in the upcoming fiscal year. All those steady revenue sources will help the financial picture of all the transportation projects and programs in Marin County.

On the expenditure side, The Authority was able to find adequate cash for the needs of various capital projects in FY2015-16 and expects this to remain the same in the upcoming fiscal year.

### **Request for Information**

This Financial Report is intended to provide citizens, taxpayers and creditors with a general overview of the Authority'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 5th Ave, Suite 100, San Rafael, CA 94901; (415) 226-0815.

# TRANSPORTATION AUTHORITY OF MARIN

## STATEMENT OF NET POSITION

JUNE 30, 2015

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and Investments	\$ 43,884,026
Sales Tax Receivable	4,687,979
Accounts Receivable	3,456,392
Prepaid expenses	40,496
<b>Total Assets</b>	<b>52,068,893</b>
<b>LIABILITIES</b>	
Accounts Payable	5,644,771
Unearned Revenue	3,128,343
Noncurrent Liabilities:	
Due in One Year	953,855
<b>Total Liabilities</b>	<b>9,726,969</b>
<b>NET POSITION</b>	
Restricted for:	
BAAQD-TFCA Project	1,537,359
Measure A Sales Tax Project	35,543,695
Corte Madera Creek Bridge Project	10,002
Measure B VRF Projects	2,983,990
Congestion Management Projects	2,266,878
<b>Total Net Position</b>	<b>\$ 42,341,924</b>

The accompanying notes are an integral part of the financial statements

**TRANSPORTATION AUTHORITY OF MARIN**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Position</b>
		<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Governmental Activities:</b>				
Administration	\$ 652,015	\$ -	\$ -	\$ (652,015)
Project Management	360,030	-	-	(360,030)
Transportation Planning and Programming	1,642,040	1,986,906	-	344,866
Transportation Projects	3,360,631	-	3,670,979	310,348
Measure A Projects and Programs	17,568,652	-	-	(17,568,652)
Measure B Programs	1,624,404	-	-	(1,624,404)
Interest on Long-term Debt	70,695	-	-	(70,695)
<b>Total Governmental Activities</b>	<b>\$ 25,278,467</b>	<b>\$ 1,986,906</b>	<b>\$ 3,670,979</b>	<b>\$ (19,620,582)</b>
General Revenues:				
				25,844,739
				2,333,642
				164,964
				<u>28,343,345</u>
				8,722,763
				<u>33,619,161</u>
				<u>\$ 42,341,924</u>

The accompanying notes are an integral part of the financial statements

TRANSPORTATION AUTHORITY OF MARIN

BALANCE SHEET- GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General Fund	BAAQMD/ TFCA Fund	Measure A Sales Tax Fund	Corte Madera Creek Bridge Fund	Measure B VRF Fund	Total
<b>ASSETS</b>						
Cash and Investments	\$ 3,343,680	\$ 1,555,251	\$ 35,751,413	\$ 10,002	\$ 3,223,680	\$ 43,884,026
Sales Tax Receivable	-	-	4,687,979	-	-	4,687,979
Accounts Receivable	3,061,952	-	-	-	394,440	3,456,392
Prepaid Expenditures	-	-	40,496	-	-	40,496
<b>Total Assets</b>	<b>\$ 6,405,632</b>	<b>\$ 1,555,251</b>	<b>\$ 40,479,888</b>	<b>\$ 10,002</b>	<b>\$ 3,618,120</b>	<b>\$ 52,068,893</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts Payable	\$ 1,589,360	\$ 17,892	\$ 3,403,389	\$ -	\$ 634,130	\$ 5,644,771
Unearned Revenue	3,128,343	-	-	-	-	3,128,343
<b>Total Liabilities</b>	<b>4,717,703</b>	<b>17,892</b>	<b>3,403,389</b>	<b>-</b>	<b>634,130</b>	<b>8,773,114</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue amounts	-	-	578,949	-	-	578,949
<b>Fund Balances:</b>						
Nonspendable	-	-	40,496	-	-	40,496
Restricted for:						
BAAQD/TFCA	-	1,537,359	-	-	-	1,537,359
Measure A Sales Tax	-	-	36,457,054	-	-	36,457,054
Corte Madera Creek Bridge	-	-	-	10,002	-	10,002
Measure B VRF	-	-	-	-	2,983,990	2,983,990
Congestion Management	1,687,929	-	-	-	-	1,687,929
<b>Total Fund Balances</b>	<b>1,687,929</b>	<b>1,537,359</b>	<b>36,497,550</b>	<b>10,002</b>	<b>2,983,990</b>	<b>42,716,830</b>
<b>Total Liabilities, deferred inflows and Fund Balances</b>	<b>\$ 6,405,632</b>	<b>\$ 1,555,251</b>	<b>\$ 40,479,888</b>	<b>\$ 10,002</b>	<b>\$ 3,618,120</b>	<b>\$ 52,068,893</b>

The accompanying notes are an integral part of the financial statements

**TRANSPORTATION AUTHORITY OF MARIN**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015**

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<b>Fund Balance of Governmental Funds</b>	\$ 42,716,830
<b>Amounts Reported for Governmental Activities in the Statement of Net Position are Different From Those Reported in the Governmental Fund Because of the Following:</b>	
Revenues collected outside the measurement period of the Governmental Funds are deferred on the Balance Sheet. However, these revenues are considered to be earned on the Statement of Activities	578,949
In the Governmental Funds Balance Sheet, only current liabilities are reported. In the Statement of Net Position, all liabilities, including long-term liabilities, are reported. Long-term liabilities consist of:	
Funding exchange agreement payable	<u>(953,855)</u>
<b>Total Net Position - Governmental Activities</b>	<u><b>\$ 42,341,924</b></u>

The accompanying notes are an integral part of the financial statements

**TRANSPORTATION AUTHORITY OF MARIN**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>General Fund</b>	<b>BAAQMD/TFCA Fund</b>	<b>Measure A Sales Tax Fund</b>	<b>Corte Madera Creek Bridge Fund</b>	<b>Measure B VRF Fund</b>	<b>Total</b>
<b>REVENUES</b>						
Measure A	\$ -	\$ -	\$ 25,265,790	\$ -	\$ -	\$ 25,265,790
Measure B	-	-	-	-	2,333,642	2,333,642
Cities/Towns and County Contribution	429,914	-	-	-	-	429,914
Interest County Pool	5,471	1,553	19,373	18	2,450	28,865
Investment Income (CalTrust)	-	2,071	173,544	-	9,616	185,231
Investment Unrealized Gain/(Loss)	-	(502)	(46,123)	-	(2,507)	(49,132)
STP/CMAQ	1,229,674	-	-	-	-	1,229,674
MTC Regional Measure 2 Fund	1,862,025	-	-	-	-	1,862,025
State STIP/PPM Fund	60,523	-	-	-	-	60,523
TFCA/BAAQMD	-	355,848	-	-	-	355,848
TCRP/STIP RTIP Fund	1,193,879	-	-	-	-	1,193,879
Transportation Development Act Fund	164,540	-	-	-	-	164,540
Highway Bridge Program Fund	259,227	-	-	-	-	259,227
Dynamic Rideshare Grant	102,255	-	-	-	-	102,255
<b>Total Revenues</b>	<b>5,307,508</b>	<b>358,970</b>	<b>25,412,584</b>	<b>18</b>	<b>2,343,201</b>	<b>33,422,281</b>
<b>EXPENDITURES</b>						
Administration:						
Salaries & Benefits	792,150	29,184	1,024,608	-	76,597	1,922,539
Office Lease	-	-	146,578	-	-	146,578
Agencywide IT and Computer Equipment Upgrade	-	-	24,258	-	-	24,258
Equipment Purchase/Lease	-	-	6,224	-	-	6,224
Telephone/Internet/ Web Hosting Services	-	-	26,345	-	-	26,345

The accompanying notes are an integral part of the financial statements

**TRANSPORTATION AUTHORITY OF MARIN**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>BAAQMD/TFCA Fund</u>	<u>Measure A Sales Tax Fund</u>	<u>Corte Madera Creek Bridge Fund</u>	<u>Measure B VRF Fund</u>	<u>Total</u>
<b>EXPENDITURES - continued</b>						
Office Supplies	834	-	21,726	-	-	22,560
Insurance	-	-	5,917	-	-	5,917
Financial Audit	-	-	21,000	-	-	21,000
Legal Services	15,398	-	39,255	-	-	54,653
Staff Benefits Comparison Study	-	-	1,995	-	-	1,995
Document Reproduction	317	-	5,182	-	612	6,111
Memberships	2,000	-	3,615	-	-	5,615
Travel/Meetings/Conferences	6,020	-	12,601	-	405	19,026
Professional Development	-	-	611	-	-	611
Human Resources/Board Support	-	-	25,414	-	-	25,414
Information Technology/Web Support	-	-	42,660	-	-	42,660
Miscellaneous Expenditures	631	-	9,771	-	1,012	11,414
Professional Services:						
CMP Update/Traffic Monitoring	73,241	-	-	-	-	73,241
Traffic Model Maintenance & Update	749	-	-	-	-	749
Dynamic Rideshare Pilot Program Support	102,255	-	-	-	-	102,255
Community Based Transportation Plan Update	117,463	-	-	-	-	117,463
Countywide Bike Plan Update	144,515	-	-	-	-	144,515
Fairfax-San Rafael Transit Corridor Feasibility Study	117,390	-	-	-	-	117,390
Project Management Oversight	211,682	-	68,929	-	22,950	303,561
MSN Redwood Landfill Interchange Design/Construction	88,500	-	-	-	-	88,500
MSN San Antonio Curve Design	313,102	-	-	-	-	313,102
MSN A3 Novato Carpool Lane Extension	8,305	-	-	-	-	8,305
MSN San Antonio Bridge Replacement Preliminary Engineering	207,859	-	-	-	-	207,859

The accompanying notes are an integral part of the financial statements

**TRANSPORTATION AUTHORITY OF MARIN**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>General Fund</b>	<b>BAAQMD/TFCA Fund</b>	<b>Measure A Sales Tax Fund</b>	<b>Corte Madera Creek Bridge Fund</b>	<b>Measure B VRF Fund</b>	<b>Total</b>
<b>EXPENDITURES - continued</b>						
MSN Orange Ave Soundwall Mitigation	579,189	-	-	-	-	579,189
MSN Project Management	78,518	-	-	-	-	78,518
HOV Gap Closure Mitigation Design	45,594	-	-	-	-	45,594
State Legislative Assistance	35,000	-	-	-	-	35,000
North/South Greenway Gap Closure - PA&ED	456,964	-	-	-	-	456,964
TAM Junction PA&ED	32,677	-	-	-	-	32,677
Highway 101 Tiburon/E. Blithedale Bike/Ped Improvement	199,885	-	-	-	-	199,885
Public Outreach Service	41,289	-	10,672	-	-	51,961
Consulting Pool	-	-	22,540	-	-	22,540
Measure A:						
Measure A Compliance Audit	-	-	15,720	-	-	15,720
Bike/Ped Path Maintenance/GGT Shuttle Service	-	-	34,648	-	-	34,648
Strategy 1 - Transit	-	-	11,378,138	-	-	11,378,138
Strategy 3 - Local Transportation Infrastructure	-	-	3,421,671	-	-	3,421,671
Strategy 4 - Safe Access to Schools	-	-	1,902,958	-	-	1,902,958
Measure B:						
Element 1 - Maintain Local Streets & Pathways	-	-	-	-	339,914	339,914
Element 2 - Seniors and Disabled Mobility	-	-	-	-	863,617	863,617
Element 3 - Reduce Congestion and Pollution	-	-	-	-	344,277	344,277

The accompanying notes are an integral part of the financial statements



**TRANSPORTATION AUTHORITY OF MARIN**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015**

Interagency Agreements:						
CMFC - County Construction Agreement	1,233,921	-	-	-	-	1,233,921
CMFC - SMART Design Review Support	-	11,378	-	-	-	11,378
Novato Redwood Bus Transit Facility Improvement	100,000	-	-	-	-	100,000
Sausalito OBAG Project Funding Agreement	75,757	-	-	-	-	75,757
San Rafael Transit Needs and Relocation Study Funding Agreement	47,151	-	-	-	-	47,151
San Rafael Downtown Parking and Wayfinding Study	12,951	-	-	-	-	12,951
MTC Youth Transit Grant Funding Agreement	60,286	-	-	-	-	60,286
Other Capital Expenditures:						
TFCA - TDM Projects/Vanpool Incentive	-	35,696	-	-	-	35,696
TFCA - Reimbursement of Various Capital Projects	-	7,500	-	-	-	7,500
Debt Service:						
Principal	-	-	1,865,628	-	-	1,865,628
Interest	-	-	70,696	-	-	70,696
<b>Total Expenditures</b>	<u>5,201,593</u>	<u>83,758</u>	<u>20,209,360</u>	<u>-</u>	<u>1,649,384</u>	<u>27,144,095</u>
<b>Excess (Deficiency) of</b>						
<b>Revenues Over Expenditures</b>	105,915	275,212	5,203,224	18	693,817	6,278,186
<b>Fund Balance - Beginning</b>	<u>1,582,014</u>	<u>1,262,147</u>	<u>31,294,326</u>	<u>9,984</u>	<u>2,290,173</u>	<u>36,438,644</u>
<b>Fund Balance - Ending</b>	<u>\$1,687,929</u>	<u>\$ 1,537,359</u>	<u>\$ 36,497,550</u>	<u>\$ 10,002</u>	<u>\$ 2,983,990</u>	<u>\$ 42,716,830</u>

The accompanying notes are an integral part of the financial statements

# TRANSPORTATION AUTHORITY OF MARIN

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015

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

<b>NET CHANGE IN FUND BALANCES</b>	\$ 6,278,186
<b>Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:</b>	
Governmental funds defer certain revenues that are not recognized with the Authority'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.	578,949
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term debt principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities. Repayment of debt principal is added back to fund balances.	<u>1,865,628</u>
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 8,722,763</u></u>

The accompanying notes are an integral part of the financial statements

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*NOTES TO BASIC FINANCIAL  
STATEMENTS*

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# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

On March 2, 2004, the Marin County Board of Supervisors created the Transportation Authority of Marin (the Authority) 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 the Authority and designated the Authority as the Congestion Management Agency for Marin County.

The Authority’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, the Authority now manages the implementation of the transportation projects and programs financed by the ½-cent, 20 years sales tax. The Authority 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, the Authority plays a leading role in planning, financing, and implementation of transportation projects and programs in Marin County.

The Authority’s sixteen member governing board is comprised of representatives from each of the cities and towns in Marin County, and all five members of the County Board of Supervisors. A Technical Advisory Committee (TAC), made up of public works staff, other local government staff, and representatives of diverse interest groups prioritizes infrastructure improvements and makes recommendations to the Authority. 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, reports directly to the public on issues related to the Measure A sales tax and Measure B VRF revenues and expenditures.

#### Basis of Presentation

**Government-wide Statements** - The Statement of Net Position 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 government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Authority’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.

**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 on a separate column.

# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

#### 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. The Authority has determined that all of its funds are major funds.

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 revenues 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 Marion voters in November 2004.

**Corte Madera Creek Bridge Fund** - This fund accounts for a portion of the revenue 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 projects had unavoidable impacts to resources under its purview and required certain mitigation 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 County Department of Public Works to the Authority in FY2006-07.

**Measure B VRF Fund** - This fund accounts for revenues and expenditures for the projects and programs set forth by the voters in the Authority's \$10 Vehicle Registration Fee Expenditure Plan, approved by the Marin voters in November 2010.

# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

#### **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* measurements 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 six months after fiscal year-end, except for sales tax revenues which are accrued for if received 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 assets 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 receives 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 positions available to finance the program. The Authority's policy is to first apply cost-reimbursement resources to such programs, followed by general revenues.

#### **Budget 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 is adopted by the Board annually in total for all funds, therefore the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual is presented in a combined format for all governmental funds and not presented separately for each major fund.

#### **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.

# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

#### Net Position and Fund Balances

##### Government-wide Financial Statements

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

**Unrestricted Net Position** - This amount consists of all net assets that do not meet the definition of “net investments in capital assets” or “restricted net position”.

##### 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 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 government’s 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, the Authority considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the Authority considers amounts to have been 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

Under modified accrual basis of accounting used by governmental funds, revenues are recognized as soon as they are measurable and available. Under the full accrual basis of accounting used by the government-wide financial statement, revenues are recognized when earned. Thus, 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, 2015

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

#### 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.

### NOTE 2 – CASH AND INVESTMENTS

#### Classification

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

Cash and Investments, Statement of Net Position	<u>\$ 43,884,026</u>
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Cash and Investments as of June 30, 2015 consist of the following:

Deposits with County of Marin	18,586,216
Deposits with CalTrust	<u>25,297,810</u>
Total Cash and Investments	<u>\$ 43,884,026</u>



# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

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### NOTE 2 – CASH AND INVESTMENTS – continued

#### Investment Authority 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 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:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (LAIF)	N/A	None	\$50 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

#### 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:

**TRANSPORTATION AUTHORITY OF MARIN**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2015**

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Unrated
Deposits with County of Marin	\$18,586,216	N/A	\$ -	\$18,586,216	\$ -	\$ -	\$ -
Deposits with CalTrust	25,297,810	N/A	-	25,297,810	-	-	-
Total	<u>\$43,884,026</u>		<u>\$ -</u>	<u>\$43,884,026</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

N/A - Not applicable

# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

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### NOTE 2 – CASH AND INVESTMENTS – continued

#### Disclosures Relating to Credit Risks

The Marin County Investment Pool is rated AAA/V1 by Fitch as of June 30, 2015.

#### 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, 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 investments 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 government 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 pledge securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institution to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The Authority has no significant exposure to custodial credit risk.

### NOTE 3 – OPERATING LEASE

#### Operating Lease

The Authority had a five-year fully serviced lease with the Landlord to rent 5,202 square feet of office space at 781 Lincoln Avenue, Suite 160 in the City of San Rafael. The 60-month lease commenced on December 1, 2013 and will end on November 30, 2017. However, BioMarin purchased the office complex several years ago with the intent to make it the company's main campus and provided tenants with attractive incentives to terminate their leases early and relocate to other locations. TAM negotiated some favorable early lease termination terms with BioMarin early this year and entered into a five-year lease to rent \$7,621 square feet of office space at 900 5th Ave, Suite 100 in Downtown San Rafael. The base rent commences at \$19,052 per month and ends at \$21,444 per month. The Authority moved out of the BioMarin campus at the end of August and is currently residing at 1600 Las Gamos temporarily while waiting for the completion of the tenant improvement at its Permanente office location. The expected moving date is October 29, 2015.

### NOTE 4 – EMPLOYMENT AGREEMENT

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)/Regional Government Service (RGS), for all its eleven employees. LGS/RGS provides staffing, payroll, insurance and various other administrative services to small governmental agencies throughout California. The Authority pays LGS hourly rates for each employee's hours worked during the year. The hourly rates for each employee include salary, fringe benefits, insurance costs, costs of retirement liabilities and other postemployment benefits (OPEB), and a flat administration fee for all service provided. The Authority prepays the expected monthly fee prior to the service month.

# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

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Because the Authority has no employees of its own, there are no accrued payroll or compensated absence liabilities on the books of the Authority. Any benefits or accrued compensation due to the employees are the responsibility of LGS / RGS and already reflected in the rates charged.

### NOTE 5 – LONG-TERM DEBT

#### *Metropolitan Transportation Commission Funding Exchange Agreement*

In November 2007 the Transportation Authority of Marin entered into an agreement with the Metropolitan Transportation Commission (Commission), the regional transportation planning agency for the San Francisco Bay Area. The Authority has requested the assistance of the Commission to avoid certain debt financing costs by providing Congestion Mitigation and Air Quality Improvement (CMAQ) program funds available now in exchange for Measure A funds available in future years. Under the terms of this agreement the Commission has loaned the Authority \$12,500,000, payable over 8 years, with repayments commencing on June 30, 2009. Interest is 0% through December 31, 2010, and then is charged at 3% on the outstanding principal balance until December 31, 2015. If there is any outstanding principal balance after December 31, 2015, interest will be charged at 10%. As of June 30, 2015, the outstanding balance was \$953, 855.

**TRANSPORTATION AUTHORITY OF MARIN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**NOTE 5 – LONG-TERM DEBT – continued**

Future debt service requirements for the agreement are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2016	\$ 953,855	\$ 14,308	\$ 968,164
Total	<u>\$ 953,855</u>	<u>\$ 14,308</u>	<u>\$ 968,164</u>

Long-term debt activity for the fiscal year ended June 30, 2015, was as follows:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>	<u>Due in One Year</u>
MTC Funding Exchange Agreement	\$ 2,819,483	\$ -	\$ 1,865,628	\$ 953,855	\$ 953,855
Governmental Activities					
Long-term Liabilities	<u>\$ 2,819,483</u>	<u>\$ -</u>	<u>\$ 1,865,628</u>	<u>\$ 953,855</u>	<u>\$ 953,855</u>

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

The Authority is subject to litigation arising in the normal course of business. In the opinion of the Authority’s attorney, there is no pending litigation which is likely to have a material adverse effect on the financial position of the Authority. 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.

The Authority has various cooperative agreements with governmental entities and contracts with vendors. As of June 30, 2015, the Authority’s total outstanding commitments were approximately \$27 million, with \$17 million expended and \$10 million still outstanding.

# TRANSPORTATION AUTHORITY OF MARIN

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

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### NOTE 7 – RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; theft of; damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority carries commercial insurance through Alliant Insurance Services, Inc. for general liability, automobile, property coverage, and public officials' errors and omissions.

Coverage is as follows:

- a) General liability - \$ 1,000,000 each occurrence
  - b) Damage to rented premises - \$1,000,000 each occurrence
  - c) Automobile liability - \$1,000,000 each accident
  - d) Public officials errors and omissions - \$1,000,000 each occurrence and annual aggregate.
- All deductibles are \$2,500

Crime coverage for LGS employees is provided by Alteris Insurance and is limited to \$1,000,000, with a \$50,000 deductible.

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*SUPPLEMENTARY INFORMATION*

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**TRANSPORTATION AUTHORITY OF MARIN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL – ALL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variances - Positive (Negative) Final to Actual</u>
<b>REVENUES</b>				
Measure A	\$ 24,000,000	\$ 24,000,000	\$ 25,265,790	\$ 1,265,790
Measure B	2,200,000	2,200,000	2,333,642	133,642
Cities/Towns and County Contribution	430,000	430,000	429,914	(86)
Interest County Pool	137,500	137,500	28,865	(108,635)
Investment Income (CalTrust)	-	-	185,231	185,231
STP/CMAQ	2,238,520	2,238,520	1,229,674	(1,008,846)
MTC Regional Measure 2 Fund	4,879,202	4,879,202	1,862,025	(3,017,177)
State STIP/PPM Fund	100,000	100,000	60,523	(39,477)
Non-motorized transportation pilot program	21,000	21,000	-	(21,000)
TFCA/BAAQMD	348,000	348,000	355,848	7,848
CMIA Bond Revenue	70,000	70,000	-	(70,000)
TCRP/STIP RTIP Fund	1,760,000	1,760,000	1,193,879	(566,121)
Transportation Development Act Fund	170,000	170,000	164,540	(5,460)
Highway Bridge Program Fund	767,066	767,066	259,227	(507,839)
Dynamic Rideshare Grant	50,000	50,000	102,255	52,255
Other Agency Contributions	130,000	130,000	-	(130,000)
<b>Total Revenues</b>	<b>37,301,288</b>	<b>37,301,288</b>	<b>33,471,413</b>	<b>(3,829,875)</b>
<b>EXPENDITURES</b>				
Administration				
Salaries & Benefits	2,220,666	2,220,666	1,922,539	298,127
Office Lease	185,000	185,000	146,578	38,422
Agencywide IT and Computer Equipment Upgrade	20,000	20,000	24,258	(4,258)
Equipment Purchase/Lease	25,000	25,000	6,224	18,776
Telephone/Internet/ Web Hosting Services	23,000	23,000	26,345	(3,345)
Office Supplies	28,000	28,000	22,560	5,440
Update/Improvement of TAM Website	25,000	25,000	-	25,000
Insurance	12,000	12,000	5,917	6,083
Financial Audit	20,000	20,000	21,000	(1,000)
Legal Services	70,000	70,000	54,653	15,347
Staff Benefits Comparison Study	25,000	25,000	1,995	23,005
Document Reproduction	35,000	35,000	6,111	28,889



**TRANSPORTATION AUTHORITY OF MARIN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL – ALL FUNDS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variances - Positive (Negative) Final to Actual</u>
<b>EXPENDITURES - continued</b>				
Memberships	25,000	25,000	5,615	19,385
Travel/Meetings/Conferences	24,000	24,000	19,026	4,974
Carshare Membership	3,000	3,000	-	3,000
Professional Development	5,000	5,000	611	4,389
Human Resources/Board Support	40,000	40,000	25,414	14,586
Information Technology/Web Support	35,000	35,000	42,660	(7,660)
Miscellaneous Expenditures	6,000	6,000	11,414	(5,414)
Professional Services				
CMP Update/Traffic Monitoring	110,000	110,000	73,241	36,759
Traffic Model Maintenance & Update	65,000	65,000	749	64,251
Semi-Annual Origin Destination Counts	25,000	25,000	-	25,000
Dynamic Rideshare Pilot Program Support	50,000	50,000	102,255	(52,255)
Community Based Transportation Plan Update	150,000	150,000	117,463	32,537
Countywide Bike Plan Update	170,000	170,000	144,515	25,485
Fairfax-San Rafael Transit Corridor Feasibility Study	185,000	185,000	117,390	67,610
Project Management Oversight	175,000	175,000	303,561	(128,561)
MSN Redwood Landfill Interchange				
Design/Construction	200,000	200,000	88,500	111,500
MSN San Antonio Curve Design	500,000	500,000	313,102	186,898
MSN A3 Novato Carpool Lane Extension	70,000	70,000	8,305	61,695
MSN San Antonio Bridge Replacement Preliminary				
Engineering	725,000	725,000	207,859	517,141
MSN Orange Ave Soundwall Mitigation	700,000	700,000	579,189	120,811
MSN Project Management	225,000	225,000	78,518	146,482
HOV Gap Closure Mitigation Design	160,000	160,000	45,594	114,406
HOV Gap Closure Mitigation Construction				
Management	200,000	200,000	-	200,000
State Legislative Assistance	35,000	35,000	35,000	-
Financial Advisor Services	25,000	25,000	-	25,000
North/South Greenway Gap Closure - PA&ED	925,000	925,000	456,964	468,036
TAM Junction PA&ED	195,000	195,000	32,677	162,323
Highway 101 Tiburon/E. Blithedale Bike/Ped				
Improvement	175,000	225,000	199,885	25,115
Public Outreach Service	20,000	20,000	51,961	(31,961)
Street Smart Program Implementation	21,000	21,000	-	21,000
Consulting Pool	65,000	65,000	22,540	42,460

**TRANSPORTATION AUTHORITY OF MARIN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL – ALL FUNDS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variances - Positive (Negative) Final Variances</u>
<b>EXPENDITURES - continued</b>				
Measure A				
Measure A Compliance Audit	20,000	20,000	15,720	4,280
Bike/Ped Path Maintenance/GGT Shuttle Service	107,000	107,000	34,648	72,352
Gap Closure Interest Funded Design/Construction	525,000	525,000	-	525,000
Central Marin Ferry Connector - SMART Insurance Policy	25,000	25,000	-	25,000
Strategy 1 - Transit	13,823,870	13,823,870	11,378,138	2,445,732
Strategy 2 - Gap Closure	3,186,325	3,186,325	1,936,324	1,250,001
Strategy 3 - Local Transportation Infrastructure	4,555,416	4,555,416	3,421,671	1,133,745
Strategy 4 - Safe Access to Schools	2,160,000	2,380,000	1,902,958	477,042
Measure B				
Element 1 - Maintain Local Streets & Pathways	104,000	104,000	339,914	(235,914)
Element 2 - Seniors and Disabled Mobility	897,986	897,986	863,617	34,369
Element 3 - Reduce Congestion and Pollution	565,000	565,000	344,277	220,723
Interagency Agreements				
City of Larkspur Station Area Study Match Fund	18,000	18,000	-	18,000
CMFC - County Construction Agreement	3,750,000	3,750,000	1,233,921	2,516,079
CMFC - SMART Design Review Support	25,000	25,000	11,378	13,622
Novato Redwood Bus Transit Facility Improvement	100,000	100,000	100,000	-
Highway 101 Ramp Metering Local Support	100,000	30,000	-	30,000
Sausalito OBAG Project Funding Agreement	125,000	125,000	75,757	49,243
San Rafael Transit Needs and Relocation Study Funding Agreement	255,000	255,000	47,151	207,849
San Rafael Downtown Parking and Wayfinding Study	222,500	222,500	12,951	209,549
MTC Youth Transit Grant Funding Agreement	149,890	149,890	60,286	89,604
Other Capital Expenditures				
TFCA - TDM Projects/Vanpool Incentive	10,000	10,000	35,696	(25,696)
TFCA -San Antonio Road Bicycle Lane Gap Closure	150,000	150,000	-	150,000
TFCA - Reimbursement of Various Capital Projects	415,000	415,000	7,500	407,500
<b>Total Expenditures</b>	<b>39,287,653</b>	<b>39,487,653</b>	<b>27,144,095</b>	<b>12,343,558</b>
<b>Excess (Deficiency) of Revenues</b>	<b>(1,986,365)</b>	<b>(2,186,365)</b>	<b>6,327,318</b>	<b>8,513,683</b>
<b>Fund Balance - Beginning</b>	<b>36,438,644</b>	<b>36,438,644</b>	<b>36,438,644</b>	<b>-</b>
<b>Fund Balance - Ending - Budgetary basis</b>	<b>\$34,452,279</b>	<b>\$34,252,279</b>		<b>\$ 8,513,683</b>
Reconciling Items				
GASB 31			(49,132)	
<b>Fund Balance - Ending - GAAP Basis</b>			<b>\$42,716,830</b>	

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*INDEPENDENT AUDITOR'S REPORTS*

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Transportation Authority of Marin (Authority) as of and for the year ended June 30, 2015, 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, 2015.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Palo Alto, California  
December 14, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH THE 5% ADMINISTRATION CAP AND TRANSPORTATION DEVELOPMENT ACT**

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

**Report on Compliance**

We have audited the Transportation Authority of Marin's (Authority) compliance with the 5% administration cost cap limit (the Limit) contained in the Marin County Transportation Sales Tax Expenditure Plan and the Authority's compliance with the Transportation Development Act for the fiscal year ended June 30, 2015.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on the Authority's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the applicable statutes, rules and regulations of the Transportation Development Act as required by Section 6667 of Title 21 of the California Code of Regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have occurred. An audit includes examining, on a test basis, evidence about Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Authority's compliance with those requirements.

***Opinion***

In our opinion, the Authority complied, in all material respects, with the requirements referred to above for the fiscal year ended June 30, 2015.

The purpose of this report is solely to describe the scope of our testing of the compliance and the results of that testing. Accordingly, this report is not suitable for any other purpose.

Palo Alto, California  
December 14, 2015

**TRANSPORTATION AUTHORITY OF MARIN**

Single Audit Report on  
Federal Awards

For The Year Ended June 30, 2015

# TRANSPORTATION AUTHORITY OF MARIN

For The Year Ended June 30, 2015

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

Board of Commissioners of  
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 (The Authority) as of and for the year ended June 30, 2015, 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, 2015.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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 the California Code of Regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Signature

Palo Alto, California  
December 14, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

We have audited the Transportation Authority of Marin's (the Authority) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2015. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

**Opinion on Each Major Federal Program**

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 each of its major federal programs for the year ended June 30, 2015.

## **Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the Authority as of and for the year ended June 30, 2015, 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, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted 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 OMB Circular A-133 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 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Signature

Palo Alto, California  
December 14, 2015

**TRANSPORTATION AUTHORITY OF MARIN**

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Pass-through Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Highway Planning and Construction			
Passed through Metropolitan Transportation Commission			
STP/CMAQ Planning	20.205	CMA Planning Agreement FY2013-16	\$ 1,028,112
MTC Youth Grant	20.205	Project # 6404(014)	64,688
Passed through California Department of Transportation			
Dynamic Rideshare Grant	20.205	Proj # 6364(010)	102,255
PDA Grants	20.205	Not Available	280,247
HBRRF Highway Bridge Fund	20.205	Proj # 5927(104)	259,227
Total U.S. Department of Transportation			<u>1,734,529</u>
Total Expenditures of Federal Awards			<u>\$ 1,734,529</u>

# TRANSPORTATION AUTHORITY OF MARIN

## NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2015

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### 1. REPORTING ENTITY

The financial reporting entity consists of the primary government, Transportation Authority of Marin (Authority).

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

Funds received under the various grant programs have been recorded within the general fund, special revenue funds, and capital project funds of the Authority. The Authority utilizes the modified accrual method of accounting for the general, special revenue, and capital project funds. The accompanying Schedule of Expenditures of Federal Awards (Schedule) has been prepared accordingly.

#### **Schedule of Expenditures of Federal Awards**

The accompanying schedule presents the activity of all federal financial assistance programs of the Authority. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through the MTC and the State of California are also included in the schedule.

The schedule was prepared from only the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the Authority.

### 3. 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  
YEAR ENDED JUNE 30, 2015**

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**I. SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>None</u>
Significant deficiency identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	<u>No</u>

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>20.205</u>	<u>Highway Planning and Construction</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

**TRANSPORTATION AUTHORITY OF MARIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2015**

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**II. FINANCIAL STATEMENT FINDINGS**

None reported.



**TRANSPORTATION AUTHORITY OF MARIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2015**

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**III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported.

**TRANSPORTATION AUTHORITY OF MARIN**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2015**

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None reported.

**TRANSPORTATION AUTHORITY OF MARIN**

Required Communications

June 30, 2015



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

We have audited the financial statements of each major fund of the Transportation Authority of Marin (Authority) for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements.

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

There were no significant accounting estimates made on the financial statements.

The financial statements disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no difficulties in dealing with management in performing and completing our audit.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 14, 2015.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### *Other Matters*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Palo Alto, California  
December 14, 2015