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**board of directors**

stephanie moulton-peters  
president  
city of mill valley

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supervisor district 5

kate colin  
director  
city of san rafael

kathrin sears  
director  
supervisor district 3

katie rice  
director  
supervisor district 2



December 3, 2018

Honorable Board of Directors  
Marin County Transit District  
3501 Civic Center Drive  
San Rafael, CA 94903

**SUBJECT: Marin Transit Comprehensive Annual Financial Report for Fiscal Year 2017/18**

Dear Board Members:

**RECOMMENDATION:** Accept report.

**SUMMARY:** Brown Armstrong Accountancy Corporation has completed the annual financial audit of the Marin County Transit District for the fiscal year ended June 30, 2018. The audit includes a detailed *single* audit as required when the expenditure of federal funds in a fiscal year exceeds \$500,000. Staff has incorporated the annual financial audit into the attached Comprehensive Annual Financial Report (CAFR). The auditor presented the CAFR to the ad hoc Audit Subcommittee of your Board for review on November 20, 2018. With your acceptance of this report, the District will be up-to-date with all independent audits and will submit the required federal audit well within the required deadline of March 30, 2019.

This is the third year the District has published a Comprehensive Annual Financial Report. The report is designed to ensure that users of the financial statements have the information and context needed to assess the financial health of the District.

The CAFR has four main components:

- Introductory Section
- Financial Section
- Statistical Section
- Single Audit Section governed

The **Introductory Section** gives the reader an introduction to the report, including the District's governing structure, staff structure, and service area map.

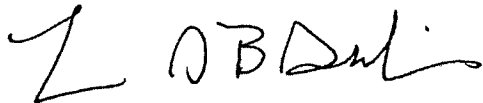
The **Statistical Section** compiles data from the District's prior financial statements and Short Range Transit Plans, along with County-wide statistics from the County of Marin and other sources. This section is designed to provide information about trends and the

local economy that will provide context for the reader to assess the District's financial condition.

The **Financial and Single Audit Sections** contain the District's audited financial statements and the results of the federal single audit. The audit was conducted 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 audit team found no deficiencies in internal control over financial reporting or in compliance that they considered to be material weaknesses. Similarly, the audit team found no material weaknesses or significant deficiencies in internal control over major federal award programs.

**FISCAL/STAFFING IMPACT:** None associated with this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'L Gradia', written in a cursive style.

Lauren Gradia  
Director of Finance and Capital Programs

Attachments: Marin County Transit District FY2017/18 Comprehensive Annual Financial Report  
Letter to the Board from Brown Armstrong Accountancy Corporation



## MARIN COUNTY TRANSIT DISTRICT

San Rafael, California

A Component Unit of the County of Marin, California

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Years Ended June 30, 2018 and 2017

**MARIN COUNTY TRANSIT DISTRICT  
(A COMPONENT UNIT OF THE COUNTY OF MARIN, CALIFORNIA)  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**



**MARIN COUNTY TRANSIT DISTRICT  
JUNE 30, 2018 AND 2017**

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November 28, 2018

The Board of Directors  
Marin County Transit District

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Marin County Transit District (the District) for the fiscal years ended June 30, 2018 and 2017.

**board of directors**

The District's enabling legislation requires an annual audit of the District's financial statements. This report is published to fulfill that requirement for the fiscal years ended June 30, 2018 and 2017.

stephanie moulton-peters  
president  
city of mill valley

Management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

damon connolly  
vice president  
supervisor district 1

dennis rodoni  
2nd vice president  
supervisor district 4

- (1) the cost of a control should not exceed the benefits likely to be derived; and,
- (2) the valuation of costs and benefits requires estimates and judgments by management. Management believes internal controls in place are adequate to ensure the financial data provided herein is materially accurate.

judy arnold  
director  
supervisor district 5

Brown Armstrong Accountancy Corporation has issued an unmodified ("clean") opinion on the District's financial statements for the fiscal year ended June 30, 2018. The independent auditor's report is located at the front of the financial section of this report. This report has been prepared by the Finance Department following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA) and is in conformance with generally accepted accounting principles for state and local governmental entities established by the Governmental Accounting Standards Board (GASB). Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors. Responsibility for the accuracy, completeness and fairness of the presented data and the clarity of presentation, including all disclosures, rests with the management of the District.

kate colin  
director  
city of san rafael

kathrin sears  
director  
supervisor district 3

katie rice  
director  
supervisor district 2

In accordance with the above-mentioned guidelines, the accompanying report consists of four sections:

1. The INTRODUCTORY SECTION contains this letter of transmittal, a list of principal officials, the District's organizational chart, and service area map.
2. The FINANCIAL SECTION begins with the Independent Auditor's Reports and Financial Statements. The notes, an integral part of the Financial Statements, are intended to further enhance an understanding of the District's current financial status.
3. The STATISTICAL SECTION provides information that is useful for understanding the District's financial condition and depicting the past 10 years of history and financial and operational trends of the District.
4. The OTHER REPORTS include the Auditor's reports required under the federal Single Audit Act, the Public Transportation Modernization Improvement and Services Enhancement Account (PTMISEA) guidelines, and it provides assurance of the District's compliance with those laws and related regulations.

The following provides an overview of the District's history, services, local economy, planning initiatives and policies.

## **PROFILE OF THE GOVERNMENT**

### **History**

The Marin County Transit District ("Marin Transit" or the "District") was formed by a vote of the people of Marin County (the County) in 1964 and was given the responsibility for providing local transit service within the County. Marin Transit is a component unit of the County of Marin, California. Although Marin Transit has responsibility for local transit services, it does not own any facilities and does not employ its own drivers. Instead, Marin Transit contracts with other providers, including Golden Gate Transit, Marin Airporter, MV Transportation, Michael's Transportation, and the Senior Coordinating Council (Whistlestop Transportation), for local bus and paratransit services.

Prior to a major fixed route service restructuring by Golden Gate Transit in November 2003, the primary responsibility of Marin Transit was to manage and administer the paratransit contract for both local and regional paratransit services in the County. For fixed route services, Marin Transit was historically a "pass through" agency, providing funds for local services managed by Golden Gate Transit. With the 2003 service restructuring, Marin Transit took on increased responsibility for the planning, outreach, oversight, and management of local fixed route transit services throughout the County.

The passing of Measure A, the County's ½ cent sales tax increase, in 2004 further propelled the responsibility of Marin Transit under a 20-year expenditure plan providing a dedicated local funding source for public transit within the County. This new funding source allowed the District to fund its local big bus fixed route services, expand the rural Stagecoach service, and introduce the community shuttle program.

The Muir Woods Shuttle program was inaugurated in 2005 and became the responsibility of Marin Transit in 2009. Although the County started the program as a demonstration project, its success in reducing transportation impacts on the National Monument and surrounding areas has led to a formal partnership between the District and the National Park Service.

Internal growth within the District has also occurred as responsibility for local service has increased. Staffing levels prior to the passage of Measure A included one full-time and one part-time employee. With the passage of Measure A, the number of full-time employees grew from 1.5 to 3.5 in 2006 and then to 5 employees in 2008. As of June 30, 2018, the District has 16.3 authorized full time equivalent employees.

## Services

### *Fixed Route*

Marin Transit operates transit service on 28 routes within Marin County. Over three million trips were made on the local fixed route network in fiscal year 2018.

Fixed route services are organized within the District based on route typologies. Typologies define the primary function of that route and its intended market. There are currently seven typologies Local Trunkline, Local Basic, Local Connector, Supplemental School, Rural, Partnership, and Recreational. Below is a brief summary of each typology.

#### Local Trunkline

- Description: Services that operate along the highest ridership corridors and often the most densely populated areas of the County. These services provide the backbone for the transit system and connect with Local Basic and Local Connector services at key transfer locations. Along Highway 101, Trunkline service supplements the Golden Gate Transit regional services that continue to San Francisco and Sonoma Counties.
- Operational Focus: Capacity, frequency, and speed.
- Routes: 35, 36, 71x
- Program: Local Bus
- Typical Vehicle: 40' heavy duty or 60' articulated

#### Local Basic

- Description: Services that operate along many of the County's arterial corridors with transit-supportive land use patterns with an emphasis on providing the more extensive coverage of transit services.
- Operational Focus: Frequency, accessibility, and speed.
- Routes: 17, 22, 23, 23x, 29, 49
- Program: Local Bus
- Typical Vehicle: 35' or 40' heavy duty

#### Local Connector

- Description: Services to lower density areas with less supportive transit land use patterns or areas where larger bus capacity is not warranted. These services rely on good transfer opportunities to the Local Trunkline and Local Basic Services for travel outside the community.
- Operational Focus: Accessibility.
- Routes: 219, 228, 233, 245, 251, 257
- Program: Community Shuttles
- Typical Vehicle: 24' cutaways

#### Supplemental School

- Description: Services that are provided to address the transportation needs of schools, primarily middle and high schools, within the County. These services provide additional capacity on Marin Transit routes for this purpose and are not designed for transfer opportunities.
- Operational Focus: Capacity.
- Routes: 113, 115, 117, 119, 125, 139, 145, 151, 154
- Program: Local Bus
- Typical Vehicle: 35' or 40' heavy duty



## Rural

- Description: Services to the rural areas of West Marin that provide community mobility and reduce congestion in the rural areas. Topography is challenging on these routes and requires specific attributes for the fleet used to deliver these services.
- Operational Focus: Accessibility.
- Routes: 61, 68
- Program: Rural and Recreational
- Typical Vehicle: 28'-32' cutaways

## Recreational

- Description: Services that support recreational or tourist-based travel within the County. Major attractions include the Muir Woods National Monument within the Golden Gate National Recreational Area.
- Operational Focus: Accessibility.
- Routes: 66/66F

## Partnership

- Description: Services that are provided in partnership to address specific needs within a certain community or certain rider type, such as students.
- Operational Focus: Depends on partnership goals.
- Routes: 122
- Program: Partnership
- Typical Vehicle: 35' heavy duty

## *Yellow Bus*

Marin Transit provides yellow school bus service to two schools in the Ross Valley School District: White Hill Middle School and Hidden Valley Elementary School. In fiscal year 2018, this service carried over 133,000 passengers. Marin Transit handles all logistics of the program including contract management, website development, pass sales and production, customer service, and daily monitoring of the buses via GPS technology. Staff at White Hill Middle School and Hidden Valley Elementary School support the program by distributing passes and managing student loading on the buses in the afternoon. Marin Transit also provide planning and management support to Mill Valley School District and a Joint Powers Authority for Reed Union School District.

## *Demand Response*

In addition to fixed-route services, the District provides a suite of programs named "Marin Access" to serve the aging and disabled population in Marin County. A total of five programs provide a variety of mobility options to these users and all services are coordinated by a team of Travel Navigators. These programs include local paratransit, dial-a-ride, volunteer driver, and subsidized taxi (Catch-A-Ride). Marin Transit launched a new on-demand, micro-transit service, Marin Transit Connect on May 22, 2018. Travel Navigators provide trip planning and technical assistance to riders to empower the user to select from available travel options to best meet their mobility need.

## **LOCAL ECONOMY**

The District operates within Marin County, one of the nine counties in the San Francisco-Oakland Bay Area. The county includes 11 incorporated cities and towns: Belvedere, Corte Madera, Fairfax, Larkspur, Mill Valley, Novato, Ross, San Anselmo, San Rafael, Sausalito, and Tiburon.

The local economy in 2018 continued to be strong after a period of economic recovery starting in 2011. The County's unemployment rate has dropped from 7.9% in 2009 to 2.7% in June 2018 and continues to be lower than the state of California's average of 4.5%. Contractors have reported increasing difficulties hiring and retaining drivers and other front line staff. These challenges may be increasing due to the sustained low unemployment rate combined with high housing costs.

A significant portion of the District's operating funds are derived from sales tax revenues. Marin County had six years of sales tax growth, averaging 5.2% per year, that ended in fiscal year 2016. After almost no growth in fiscal year 2017, taxable sales grew 6.8% in fiscal year 2019. In future years, the District projects modest growth of 2.2% per year consistent with projections by the Transportation Authority of Marin.

## **LONG TERM PLANNING AND MAJOR INITIATIVES**

### Short Range Transit Plan

The District's Short Range Transit Plan (SRTP) is the primary service and financial planning document for the District and includes ten years of financial projections for operations and capital programs. The 2017-2027 SRTP was adopted by the Board of Directors (the Board) on December 17, 2017.

### Operating Plan

Successful contract renegotiations with Golden Gate Bridge Highway & Transportation District (GGBHTD) in 2015 resulted in a new operations contract that was reflected in the fiscal year 2016 budget. This contract provides a reduction in the costs of Local Fixed Route service and provides additional revenues for Local Paratransit. The remaining fixed route service contracts expired June 30, 2018, and the District competitively bid the services in November 2017 and awarded contracts in March and April 2018. Overall, these two contracts resulted in combined rate increase of 10%. A new competitively bid Local Paratransit contract was effective January 1, 2016 and has also resulted in lower purchased transportation costs.

The District has restored reserves and implemented a 19% service expansion on June 12, 2016 as approved by the Board on March 28, 2016 and outlined in the District's SRTP. Even with this service expansion, fiscal years 2017 and 2018 had revenue surplus from increasing property tax, lower fuel costs, lower contract service rates, and carryforward of prior year Measure A funds. The District identified unfunded needs in the adopted SRTP that will be the basis for prioritizing expenditures.

### Capital Plan

The District's Capital Improvement and Funding Plan has expanded as the District has taken increasing responsibility for transit service in Marin County. The District's primary capital responsibilities and priorities are to:

1. Maintain a sufficient fleet of clean fueled vehicles for local transit service,
2. Improve and maintain the amenities and accessibility of Marin County bus stops,
3. Improve major bus transfer locations,
4. Provide passenger information, and Improvement Program, and
5. Provide needed operations equipment and infrastructure.

The District's baseline capital resources limit the Capital Plan to primarily maintaining a state of good repair for existing assets and making the minimal level of investment required to maintain and operate the local bus system. The 10-year Capital Plan includes expenditures of \$69 million of which 78% is for purchasing transit vehicles. Other major capital expenditures included in the funded plan are major vehicle repairs, bus stop improvements, and small capital.

To ensure stable operations and allow for future expansion, the District needs to find a permanent location for contract maintenance and transit vehicle parking. In fiscal year 2018, the District added \$2.1 million to a capital reserve to give a total balance of \$8.2 million.

## **RELEVANT FINANCIAL POLICIES**

### Budget Process

Marin Transit's budget uses full accrual basis of accounting to record annual revenue and expenses consistent with Generally Accepted Accounting Principles (GAAP) for special districts and the District's annual audited financial reports. All known revenues and expenditures are recorded in the period they are earned or expended.

The Marin Transit Board adopts an annual budget for the District's fiscal year starting July 1 and ending June 30. Under the direction of the Director of Finance, staff develops a balanced budget for the Board that provides sufficient and sustainable funding for local transit service needs using the following guidelines:

1. Maintain adopted reserve levels;
2. Preserve a balance of revenues and expenditures over a ten-year horizon;
3. Provide for SRTP-adopted service levels; and
4. Allow for innovative growth.

#### Reserve Policy

Marin Transit's Board-adopted policy designates an Emergency Reserve equivalent to two months of operating expenses and a Contingency Reserve equivalent to an additional two to four months. When the emergency reserve is fully funded and the reserve is funded with the equivalent of at least two months of operations funds, the District may fund a capital reserve through the budgeting process. The reserve is designed to reduce the District's future needs for borrowing or bonding for large capital projects.

If the reserve balance exceeds six months of operating expenditures for a prolonged period, the policy advises the Board to consider options such as, but not limited to, expanding transit service or decreasing fares in an effort to provide the optimal level of transit service and benefits to Marin County residents.

Consistent with the fiscal year 2018 budget, the District added \$2.1 million to the capital reserve in fiscal year 2018, for a total capital reserve of \$8.2 million. The District also maintained the equivalent of 6.5 months operating expenses in the combined Emergency and Contingency Reserves.

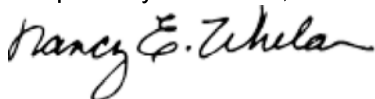
#### **AWARDS AND ACKNOWLEDGEMENTS**

We are pleased that the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Reports (CAFR) for the fiscal years ended June 30, 2016 and June 30, 2017. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state or local government financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The report must satisfy both GAAP and applicable legal requirements.

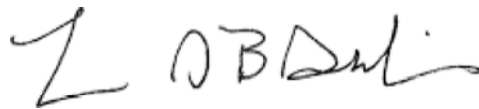
A Certificate of Achievement is valid for a period of only one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report required the dedicated efforts of the District's staff. We also gratefully recognize Brown Armstrong Accountancy Corporation for their timely audit and expertise on the preparation of this CAFR. Finally, we would like to thank the Board for its commitment and support in the development of a strong financial system.

Respectfully Submitted,



Nancy Whelan  
General Manager



Lauren Gradia  
Director of Finance and Capital Programs

**MARIN COUNTY TRANSIT DISTRICT  
INTRODUCTORY SECTION  
PRINCIPAL OFFICIALS**

**Damon Connolly** District 1

**Katie Rice** District 2

**Kathrin Sears** District 3

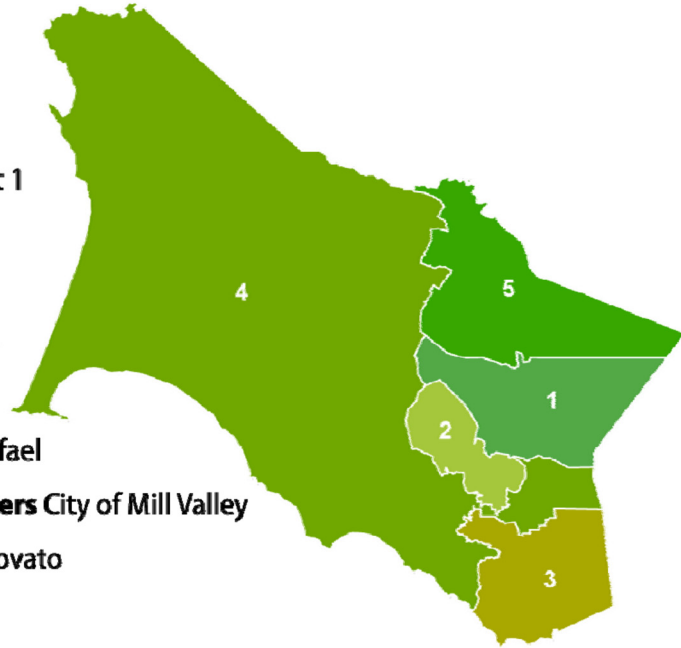
**Dennis Rodoni** District 4

**Judy Arnold** District 5

**Kate Colin** City of San Rafael

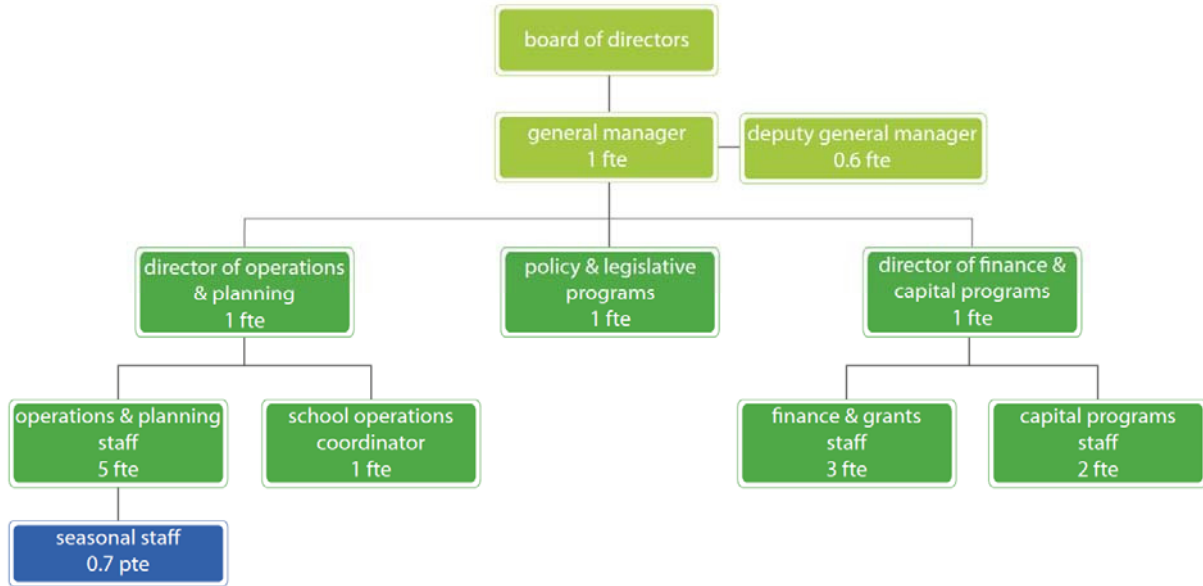
**Stephanie Moulton-Peters** City of Mill Valley

**Eric Lucan (alt)** City of Novato



Board Member	District or City	Current Term Ends
Damon Connolly	District 1	January 1, 2023
Katie Rice	District 2	January 1, 2021
Kathrin Sears	District 3	January 1, 2021
Dennis Rodoni	District 4	January 1, 2021
Judy Arnold	District 5	January 1, 2023
Stephanie Moulton-Peters	City of Mill Valley	January 2020
Kate Colin	City of San Rafael	January 2019
Eric Lucan (City Alternate)	City of Novato	January 2019

**MARIN COUNTY TRANSIT DISTRICT  
INTRODUCTORY SECTION  
ORGANIZATIONAL CHART**



**Note:**

- Total authorized FTE 16.3
- Vacancies at 6/30/18 equal 1 FTE



# MARIN COUNTY TRANSIT DISTRICT INTRODUCTORY SECTION SERVICE AREA MAP





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Marin Transit  
California**

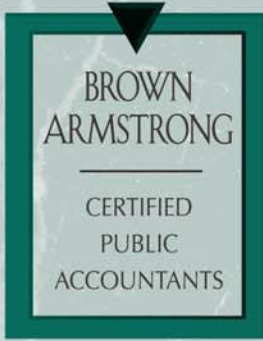
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

**FINANCIAL SECTION**



# BROWN ARMSTRONG

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of the Marin County Transit District  
San Rafael, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Marin County Transit District, a component of the County of Marin (the District) as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District'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 audits. We conducted our audits 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 audits 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 the District'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 the District'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.

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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2018, and the respective changes in financial position, and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section, supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The Statements of Fiduciary Net Position – Retirement Plan, Statements of Changes in Fiduciary Net Position – Retirement Plan and Budgetary Comparison Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 Statements of Fiduciary Net Position – Retirement Plan, Statements of Changes in Fiduciary Net Position – Retirement Plan and Budgetary Comparison Schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



## Report on Summarized Comparative Information

The financial statements of the District as of June 30, 2017, were audited by other auditors who expressed an unmodified opinion on those financial statements in their report dated November 13, 2017. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts and grant agreements and other matters, the Transportation Development Act and other state program guidelines. 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 the District's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive style and is positioned below the printed name of the firm.

Bakersfield, California  
November 28, 2018



**MARIN COUNTY TRANSIT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018 AND 2017**

As management of the Marin County Transit District (Marin Transit or the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended June 30, 2018 and June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i to vii of this report.

**FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities at June 30, 2018 and 2017 by \$52,222,268 and \$40,284,026 (net position), respectively. Of this amount, \$29,085,919 and \$20,849,921, respectively, is net investment in capital assets, \$0 and \$31,624, respectively, is restricted, and \$23,136,349 and \$19,402,481, respectively, is unrestricted.
- The District's total net position increased for the fiscal year ended June 30, 2018 by \$11,938,242 compared to the fiscal year ended June 30, 2017. The District's total net position increased for the year ended June 30, 2017 by 5,388,915 compared to the year ended June 30, 2016. The increases are due to increased intergovernmental operating revenue including Federal, State and local Measure A sales tax.
- The District claimed \$16,708,511 in fiscal year 2018 from the Transportation Authority of Marin as part of a voter approved sales tax, plus \$85,000 in pass-through Measure A interest, plus recognition of \$6,555 in prior year revenue, for a total of \$16,800,066 recognized in fiscal year 2018. The District claimed \$13,216,547 in fiscal year 2017 in Measure A sales tax, plus \$85,000 in pass-through Measure A interest, and recognition of \$6,555 in prior year revenue, for a total of \$13,308,102 recognized in fiscal year 2017.
- The District's emergency reserve and contingency reserve are fully-funded, with a total value equivalent to six months operating funds. The District also added \$2,139,861 to a capital reserve, for a total capital reserve of \$8,160,238.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of two components: (1) government-wide financial statements and (2) notes to the financial statements. This report also contains supplementary information intended to furnish additional detail to support to the basic financial statements.

**Government-wide Financial Statements**

The District is a single-purpose entity that is required to account for its activity as a proprietary fund type under governmental accounting standards. Accordingly, the District presents only government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, similar to a private-sector business.

The balance sheets present information on all of the District's assets and liabilities, with the difference between assets and liabilities reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues and expenses and changes in net position presents information showing how the District's net position changed during the fiscal year. All changes in net position are recognized on the date the underlying event that gives rise to the change occurs, regardless of the timing of the related cash flows.

The basic financial statements can be found on pages 10-29 of this report.

#### Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide statements. The notes to the financial statements can be found on pages 14-29 of this report.

### OVERALL FINANCIAL ANALYSIS

The financial statements provide both short-term and long-term information about the District's overall financial condition. This analysis addresses the financial statements of the District as a whole.

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of the District, assets exceeded liabilities by \$52,222,268 and \$40,284,026 at June 30, 2018 and 2017, respectively.

### STATEMENTS OF NET POSITION

As stated earlier, increases or decreases in net position over time may serve as a useful indicator of the District's financial position. A summary of the Statements of Net Position during the fiscal years ended June 30, 2018, 2017 and 2016 are shown below. The focus is on Net Position (Note 1):

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>2018 - 2017 Increase (Decrease)</u>	<u>June 30, 2016</u>	<u>2017 - 2016 Increase (Decrease)</u>
Cash	\$ 16,670,506	\$ 15,068,929	\$ 1,601,577	\$ 12,041,572	\$ 3,027,357
Receivables	8,685,524	8,059,567	625,957	6,227,682	1,831,885
Prepaid expenses	40,442	148,269	(107,827)	20,696	127,573
Restricted cash and receivables	-	31,624	(31,624)	307,037	(275,413)
Capital assets	<u>29,085,919</u>	<u>20,849,921</u>	<u>8,235,998</u>	<u>19,166,232</u>	<u>1,683,689</u>
<b>Total Assets</b>	<u>54,482,391</u>	<u>44,158,310</u>	<u>10,324,081</u>	<u>37,763,219</u>	<u>6,395,091</u>
Current liabilities	2,221,028	3,847,040	(1,626,012)	2,853,909	993,131
Noncurrent liabilities	<u>39,095</u>	<u>27,244</u>	<u>11,851</u>	<u>14,199</u>	<u>13,045</u>
<b>Total Liabilities</b>	<u>2,260,123</u>	<u>3,874,284</u>	<u>(1,614,161)</u>	<u>2,868,108</u>	<u>1,006,176</u>
Net investment in capital assets	29,085,919	20,849,921	8,235,998	19,166,232	1,683,689
Restricted net position	-	31,624	(31,624)	307,037	(275,413)
Unrestricted net position	<u>23,136,349</u>	<u>19,402,481</u>	<u>3,733,868</u>	<u>15,421,842</u>	<u>3,980,639</u>
<b>Total Net Position</b>	<u>\$ 52,222,268</u>	<u>\$ 40,284,026</u>	<u>\$ 11,938,242</u>	<u>\$ 34,895,111</u>	<u>\$ 5,388,915</u>

A substantial portion of the District's total net position reflects investment in capital assets. These capital assets are used to provide bus services to Marin County residents and visitors. Consequently, these assets are not available for future spending. An additional portion of the District's net position represents resources that are subject to external restrictions imposed by grantors, contributors, or laws or regulations of other governments or constraints imposed by laws through constitutional provisions or enabling legislation, that restrict the use of net position. The remainder of the District's net position is unrestricted, and represents the District's reserve account. This reserve continues to meet the requirements of the Board adopted reserve policy.

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET POSITION

The Statements of Activities and Changes in Net Position provides information regarding the District's revenues and expenses. The table below reflects a summary of the District's Statements of Activities and Changes in Net Position during the fiscal years ended June 30, 2018, 2017 and 2016.

	June 30, 2018	June 30, 2017	2018-2017 Increase (Decrease)	June 30, 2016	2017-2016 Increase (Decrease)
<b>Operating revenues</b>					
Transit fares	\$ 3,570,143	\$ 3,528,289	\$ 41,854	\$ 3,586,587	\$ (58,298)
Contractual compensation	1,830,716	1,765,230	65,486	2,028,796	(263,566)
Special fares and school bus revenue	410,509	414,244	(3,735)	380,798	33,446
<b>Total operating revenues</b>	<b>5,811,368</b>	<b>5,707,763</b>	<b>103,605</b>	<b>5,996,181</b>	<b>(288,418)</b>
<b>Operating expenses</b>					
Purchased transportation services	22,698,220	21,422,651	1,275,569	20,461,632	961,019
Depreciation	2,908,165	2,387,889	520,276	1,753,960	633,929
Salary and benefits	1,881,194	1,973,470	(92,276)	1,631,669	341,801
Fuel	2,161,545	1,818,940	342,605	1,619,444	199,496
Professional Services	1,440,732	1,177,446	263,286	1,003,065	174,381
General & administrative	416,675	383,926	32,749	397,707	(13,781)
Leases and rentals	98,832	96,668	2,164	94,469	2,199
Maintenance and facility costs	201,222	136,111	65,111	232,303	(96,192)
<b>Total expenses</b>	<b>31,806,585</b>	<b>29,397,101</b>	<b>2,409,484</b>	<b>27,194,249</b>	<b>2,202,852</b>
<b>Operating Loss</b>	<b>(25,995,217)</b>	<b>(23,689,338)</b>	<b>(2,305,879)</b>	<b>(21,198,068)</b>	<b>(2,491,270)</b>
<b>Nonoperating revenues (expenses)</b>					
Intergovernmental	22,142,502	20,529,158	1,613,344	19,069,595	1,459,563
Property taxes	4,321,194	4,111,657	209,537	3,848,219	263,438
Advertising and rentals	439,044	397,790	41,254	386,914	10,876
Gain on disposal of capital assets	2,093	1,102	991	88,571	(87,469)
Other revenues (expenses)	33,552	(33,032)	66,584	(70,956)	37,924
<b>Total nonoperating revenues</b>	<b>26,938,385</b>	<b>25,006,675</b>	<b>1,931,710</b>	<b>23,322,343</b>	<b>1,684,332</b>
<b>Income Before Capital Contributions</b>	<b>943,168</b>	<b>1,317,337</b>	<b>(374,169)</b>	<b>2,124,275</b>	<b>(806,938)</b>
<b>Capital contributions (grants)</b>					
Intergovernmental	10,979,056	4,038,739	6,940,317	12,250,751	(8,212,012)
Other revenue	16,018	32,839	(16,821)	7,711	25,128
<b>Total capital contributions (grants)</b>	<b>10,995,074</b>	<b>4,071,578</b>	<b>6,923,496</b>	<b>12,258,462</b>	<b>(8,186,884)</b>
<b>Change in Net Position</b>	<b>11,938,242</b>	<b>5,388,915</b>	<b>6,549,327</b>	<b>14,382,737</b>	<b>(8,993,822)</b>
<b>Net Position at Beginning of Year</b>	<b>40,284,026</b>	<b>34,895,111</b>	<b>5,388,915</b>	<b>20,512,374</b>	<b>14,382,737</b>
<b>Net Position at End of Year</b>	<b>\$ 52,222,268</b>	<b>\$ 40,284,026</b>	<b>\$ 11,938,242</b>	<b>\$ 34,895,111</b>	<b>\$ 5,388,915</b>

## Revenues

Operating revenues increased to \$5.8 million in the fiscal year ended June 30, 2018 as compared to \$5.7 million in the fiscal year ended June 30, 2017. This increase is was due to modest increases in fare revenue and contractual compensation.

The District has seen growth in nonoperating revenues for the fiscal years ended June 30, 2018 and June 30, 2017. The significant increase in the fiscal year ended June 30, 2017 is primarily due to an increase in Federal revenue for operations, an increase in local sales tax funding expended on for local fixed route operations and an increase in property tax revenue. The increase in the fiscal year ended June 30, 2018 is primarily due to claiming \$1.2 million of additional local Measure A sales tax funding for service expansions that started in June 2016.

The majority of construction and vehicle acquisitions are funded with capital contributions from other governmental units such as federal, state, and local agencies. Therefore, capital contribution revenue is tied to the District's capital purchases, which naturally fluctuate over time. In the fiscal years ended June 30, 2018 and June 30, 2016, the District procured and received a large number of vehicles, resulting in large spikes in capital contributions.

## Expenses

Operating expenses increased in fiscal year ended June 30, 2018 due to increased purchased transportation costs from increases contract rates, increased fuel expense from price increases, and increased paratransit service demand. Depreciation also increased due to the purchase of additional vehicles in the prior year. During the fiscal year ended June 30, 2017, operating expenses increased due to the expanded fixed route transit service.

In the fiscal year ended June 30, 2018, Marin Transit spent more staff time on capital projects resulting in lower salary and benefit costs for operations.

In the fiscal year ended June 30, 2017, Marin Transit operated 145 more hours of fixed route service. As a result, purchased transportation, fuel and other related expenses increased significantly.


## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

Summary of Capital Assets (net of depreciation)

	<u>Balance at June 30, 2018</u>	<u>Balance at June 30, 2017</u>	<u>Balance at June 30, 2016</u>	<u>Balance June 30, 2015</u>
Nondepreciable				
Work in progress	\$ 748,556	\$ 3,610,173	\$ 1,746,405	\$ 2,176,497
				-
Capital assets being depreciated:				
Revenue vehicles	19,429,714	13,922,452	14,256,941	4,399,104
Facilities & stops	2,626,559	2,649,945	2,725,709	1,463,946
Communication and data equipment	518,862	522,064	286,197	427,533
Fare revenue collection equipment	5,402,625	134,881	137,372	181,258
Furniture and fixtures	359,603	10,406	13,608	16,810
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Capital assets, net	<u>\$ 29,085,919</u>	<u>\$ 20,849,921</u>	<u>\$ 19,166,232</u>	<u>\$ 8,665,148</u>





The District's investment in capital assets amounts to \$29,085,919 and \$20,849,921 and as of June 30, 2018 and June 30, 2017, respectively (net of accumulated depreciation). This investment in capital assets includes vehicles, facilities and stops, communication and data equipment, fare revenue collection equipment, and furniture and fixtures. The total increase in capital assets for fiscal years 2018 and 2017 was approximately 39% and 8%, respectively.

The most significant additions to the District's capital costs in the year end June 30, 2018 were ten 40ft-hybrid transit vehicles and a new transit facility in downtown Novato. In the fiscal year ended June 30, 2017, the District did not have significant vehicle replacements and the increase in assets was primarily due to work in progress on the downtown Novato transit facility.

### **Debt Administration**

Pursuant to the enabling legislation (Marin County Transit District Act of 1964, § 70225), the District has the authority to issue debt. Currently, the District has no outstanding debt.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Steady economic growth combined with significant new service contracts have improved Marin Transit's financial outlook, and allowed Marin Transit to expand fixed route transit service hours by 19% in June 2016. The associated increase in expenses was anticipated and within the District's available intergovernmental revenue. The District is now monitoring the service changes implemented in June 2016.


The November 6, 2018 ballot includes a local transportation measure and a statewide proposition that will significantly impact Marin Transit's future intergovernmental revenues. Since the close of the fiscal year and prior to the publication of this audit, the elections results on both the County measure and the statewide proposition were favorable to the District. The local sales tax was extended with 55% of revenue continuing to go to public transit and the prior year increase in State gas taxes will continue to bring additional revenue to transit.

Marin Transit will continue to operate a similar level of service in fiscal year end June 30, 2019 and will work with the Marin Transit Board of Directors to review updated ten-year revenue and expense projections and, if applicable, evaluate options to expand service and reinvest available resources starting in fiscal year end June 30, 2019.

Marin Transit's contract service operations expenses are 70% of operations costs. Continued low unemployment (2.7%) and high housing costs directly impact contractor's ability to hire and retain qualified transit operators and other front-line staff. The Marin Transit board approved contract amendments to increase wages for three contractors in fiscal year end June 30, 2018. Marin Transit competitively re-bid 50% of the District's fixed route service in fiscal year June 30, 2018 and two new service contracts are effective July 1, 2018 and are available to the District through fiscal year end June 30, 2023. Marin Transit's financial projections included an allowance for rate increases of ten percent for the new contracts to account for increased labor costs and increasing facility costs. Overall the new contracts are within the financial projections with one contract significantly below the projections and the other contract, for the seasonal and rural operations, above the projection. Both contracts include annual rate increases around three percent.

The District does not own its own transit vehicle parking and maintenance facility. Marin Transit has identified this an ongoing challenge for contract operations and a risk for future operations contracts. To reduce this risk and challenge, Marin Transit has been working to purchase a facility and has established a capital reserve and received a \$4.4 million discretionary grant for this purpose. Marin County has limited land suitable for a facility and without additional transit vehicle parking, increasing bus service levels will be constrained and it will be difficult to invest in electric bus charging infrastructure.

The District continues to fully funded reserve, and has increased transit service to ensure the District continues to provide the highest levels of local bus service possible while ensuring financial stability.



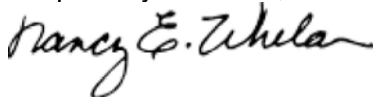
The District adopted an update to Marin Transit's Short Range Transit Plan (SRTP) on December 20, 2017. The 2018-2027 SRTP provides a framework for service and capital planning for the next ten years. Financial projections are updated and a financially constrained plan and priorities for services and projects are established for potential future new revenues. The SRTP financial plan guides financial decision-making for the agency and is the basis for analyzing longer range financial impacts of changes in costs and revenues. The SRTP is updated every two to four years. As outlined in the District's SRTP, the District will continue to evaluate all services provided with an emphasis on continuing to improve the efficiency and convenience of the transit system for riders.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide our residents, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to our office at 711 Grand Avenue, Suite 110, San Rafael, California 94901.

Respectfully submitted,



Nancy Whelan  
General Manager

## **BASIC FINANCIAL STATEMENTS**

**MARIN COUNTY TRANSIT DISTRICT  
BALANCE SHEETS  
JUNE 30, 2018 AND 2017**

ASSETS	2018	2017
<b>CURRENT ASSETS:</b>		
Cash, cash equivalents	\$ 16,670,506	\$ 15,068,929
Accounts receivable:		
State grants	269,039	2,858,866
Transportation Authority of Marin	6,685,049	3,834,054
Federal grants	883,454	703,008
Golden Gate Bridge Highway and Transit District	662,302	515,456
Other receivables	185,680	148,183
Prepaid expenses	40,442	148,269
	<b>25,396,472</b>	<b>23,276,765</b>
<b>NONCURRENT ASSETS:</b>		
Restricted cash and cash equivalents	-	31,624
Capital assets:		
Not depreciated	748,556	3,610,173
Depreciated, net	28,337,363	17,239,748
	<b>29,085,919</b>	<b>20,849,921</b>
	<b>29,085,919</b>	<b>20,881,545</b>
	<b>\$ 54,482,391</b>	<b>\$ 44,158,310</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 2,062,500	\$ 1,951,084
Accrued payroll and benefits	83,029	79,767
Due to other governments	-	1,491,850
Unearned revenue	15,267	251,884
Compensated absences - current portion	60,232	72,455
	<b>2,221,028</b>	<b>3,847,040</b>
<b>NONCURRENT LIABILITIES:</b>		
Compensated absences - noncurrent portion	39,095	27,244
	<b>39,095</b>	<b>27,244</b>
	<b>2,260,123</b>	<b>3,874,284</b>
<b>NET POSITION</b>		
<b>NET POSITION:</b>		
Net investment in capital assets	29,085,919	20,849,921
Restricted for LCTOP approved operating costs	-	-
Restricted for bus acquisitions	-	31,624
Unrestricted	23,136,349	19,402,481
	<b>\$ 52,222,268</b>	<b>\$ 40,284,026</b>

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

**MARIN COUNTY TRANSIT DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
<b>OPERATING REVENUES:</b>		
Transit fares	\$ 3,570,143	\$ 3,528,289
Contractual compensation	1,830,716	1,765,230
Special fares	265,509	269,244
School bus services revenues	145,000	145,000
	5,811,368	5,707,763
<b>OPERATING EXPENSES:</b>		
Purchased transportation services	22,698,220	21,422,651
Depreciation	2,908,165	2,387,889
Salaries and benefits	1,881,194	1,973,470
Fuel	2,161,545	1,818,940
Professional services	1,440,732	1,177,446
General and administrative	244,554	199,985
Utilities	150,501	116,578
Marketing	98,034	114,823
Leases and rentals	98,832	96,668
Other services	47,873	51,035
Casualty and liability costs	26,214	18,083
Maintenance costs	31,526	10,448
Capital costs	19,195	9,085
	31,806,585	29,397,101
<b>OPERATING LOSS</b>	<b>(25,995,217)</b>	<b>(23,689,338)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Intergovernmental revenue	22,142,502	20,529,158
Property tax revenue	4,321,194	4,111,657
Advertising	280,788	245,018
Rental income	158,256	152,772
Interest income	118,552	51,968
Gain on disposal of capital assets	2,093	1,102
Pass through of Measure A to Golden Gate Transit	(85,000)	(85,000)
	26,938,385	25,006,675
Capital contributions:		
Intergovernmental revenue	10,979,056	4,038,739
Other revenue	16,018	32,839
	10,995,074	4,071,578
<b>Change in Net Position</b>	<b>11,938,242</b>	<b>5,388,915</b>
<b>NET POSITION:</b>		
Beginning of year	40,284,026	34,895,111
End of year	\$ 52,222,268	\$ 40,284,026

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

**MARIN COUNTY TRANSIT DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 3,744,035	\$ 3,831,917
Cash receipts from contracts	1,830,716	1,910,230
Cash receipts from rent and leases	158,256	152,772
Cash paid for purchased transportation service	(22,695,330)	(21,341,809)
Cash paid to suppliers for goods and services	(4,319,006)	(3,811,906)
Cash paid to employees for services	(1,661,951)	(1,934,876)
	<b>(22,943,280)</b>	<b>(21,193,672)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Property taxes received	3,695,237	4,111,657
Other noncapital revenues received	280,788	
Intergovernmental revenues received	20,565,652	19,828,168
	<b>24,541,677</b>	<b>23,939,825</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from sale of capital assets	2,093	26,902
Acquisition of capital assets	(11,144,163)	(3,157,884)
Capital contribution revenues received	10,995,074	3,105,410
	<b>(146,996)</b>	<b>(25,572)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest income received	118,552	51,968
	<b>118,552</b>	<b>51,968</b>
<b>Net Increase in Cash, Cash Equivalents, and Investments</b>	<b>1,569,953</b>	<b>2,772,549</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning balance	15,100,553	12,328,004
Ending balance	<b>\$ 16,670,506</b>	<b>\$ 15,100,553</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEETS</b>		
Cash, cash equivalents, and investments	\$ 16,670,506	\$ 15,068,929
Restricted cash and investments held by fiscal agent	-	31,624
<b>Total Cash and Cash Equivalents</b>	<b>\$ 16,670,506</b>	<b>\$ 15,100,553</b>

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

**MARIN COUNTY TRANSIT DISTRICT  
STATEMENT OF CASH FLOWS (Continued)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
<b>RECONCILIATION OF NET LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>		
Net loss from operations	\$ (25,995,217)	\$ (23,689,338)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	2,908,165	2,387,889
Rent and lease receipts	158,256	152,772
(Increase) decrease in accounts receivable	-	(16,459)
(Increase) decrease in prepaid expenses	107,827	(127,573)
Increase (decrease) in accounts payable	111,416	(29,207)
Increase (decrease) in accrued payroll and benefits	3,262	13,743
Increase (decrease) in due to other governments	-	38,807
Increase (decrease) in unearned revenue	(236,617)	50,843
Increase (decrease) in compensated absences	(372)	24,851
	<b>\$ (22,943,280)</b>	<b>\$ (21,193,672)</b>

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

**MARIN COUNTY TRANSIT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Marin County Transit District (the District) are in conformity with accounting principles generally accepted in the United States of America applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the significant accounting policies:

**A. *Reporting Entity***

The District is a special district created by the authority of the Marin County Transit District Act of 1964. The District's purpose is to develop, finance, organize, and provide local Marin County transit service. Revenues are derived principally from property taxes, aid from other governmental entities, transportation contract revenue, and transit fare revenue.

The District is governed by a seven-member Board of Directors (the Board) comprised of the members of the Board of Supervisors of the County of Marin (the County) and two members chosen from city council persons or mayors of cities within the county. The District is a component unit of the County because the County controls the District's Board and may impose its will on the District.

The District contracts with five transit providers to operate transit services in Marin County:

Golden Gate Bridge Highway and Transportation District (Golden Gate): Since 1971, the District has contracted with Golden Gate to provide local transit services. In May of 2015, the District and Golden Gate entered into an agreement for transit services for the period July 1, 2015 through June 30, 2020 that contains options to extend the contract for two additional one-year periods. The contract specifies a rate per revenue hour and range of minimum and maximum revenue hours to be incurred each fiscal year for the term of the agreement and the two option years. The contract provides for a 2.7% increase in the rate per revenue hour annually. Fuel, capital costs, customer service as well as San Rafael Transit Center security, maintenance, and utilities are separately compensated under the agreement in addition to the rate per revenue hour. The District sets the fare structure and rates, and establishes the service levels and the frequency of local transit services. Golden Gate collects passenger fares for the District's routes and the District's portion of State funding and applies them toward the District's obligation to Golden Gate.

Under the terms of the yearly agreements in place for the years ended June 30, 2018 and 2017, Golden Gate operated seven local fixed routes. The total cost of local bus transit service under these agreements during the years ended June 30, 2018 and 2017 was \$9,434,193 and \$10,370,761, respectively. Related fare, revenue, advertising revenue, and other revenue earned for the fiscal years ended June 30, 2018 and 2017 was \$2,980,425 and \$3,255,200, respectively. Golden Gate was compensated for operating costs based on revenue hours incurred multiplied by a rate per hour specified in the contract as well as the District's share of capital costs of Golden Gate buses used. The agreement allowed the District the option of assuming ownership of revenue vehicles purchased with the District's capital contribution to Golden Gate. Ownership of all seventeen buses for which this provision applied was assumed during the fiscal year ended June 30, 2016. The remaining capital costs paid by the District to Golden Gate are related to the use of Golden Gate assets, including vehicles, facilities, and other assets, for which ownership may not be assumed by the District.



## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### **A. *Reporting Entity*** (Continued)

Under the local paratransit agreement, the District contracts for local and inter-county (regional) paratransit service on behalf of Golden Gate. With the implementation of the Americans with Disabilities Act (ADA), Golden Gate was required to provide complementary local and inter-county paratransit services. Golden Gate contracted with the District to be the primary public entity responsible to provide these inter-county paratransit services. The District, in turn, contracted with Marin Senior Coordinating Council to provide the actual services, with the understanding that the District would be adequately compensated by Golden Gate.

Marin Senior Coordinating Council, Inc.: The District has contracted with Marin Senior Coordinating Council, Inc, (MSCC, also known as “Whistlestop”) since 2009 to provide local paratransit services. The contract was competitively bid, with a most recent contract start date of January 1, 2016. The contract has a 4 ½ year term with two one-year options. Paratransit services consist of demand responsive services for the disabled, which meets the requirements of the ADA and other federal provisions. Under the contract, MSCC provides the paratransit services and collects all the fare revenues. MSCC bills the District monthly for the net cost of services on an agreed-upon hourly basis. The District receives reimbursement from Golden Gate for the actual cost of the inter-county (regional) portion of this service and a portion of the local paratransit services.

MV Transportation, Inc.: In November 2011, operation of the Muir Woods Shuttle, along with the rural transit service on the West Marin Stagecoach was awarded to MV Transportation, Inc. for a three-year term with two optional one-year extensions. An additional six month extension was granted to align the contract with the fiscal year. MV Transportation, Inc. now operates turn-key service on the Muir Woods Shuttle along with two rural routes established by the District and paid for in part by Federal Section 5311 Rural funding. MV Transportation also provides ten school routes and four local fixed routes. Fare revenue on the service is collected through the District's GFI fare box system and is deposited directly into the District's account. The National Park Service pays for 50% of the Muir Woods Shuttle program.

Marin Airporter: The District contracts with a Marin County private company, Marin Airporter, to provide a local shuttle service on six routes called the Community Shuttle program and one local fixed route. Marin Airporter has operated this service since 2006, and won a competitive bid process for a new contract for the period July 1, 2013 through June 30, 2016 with up to two extensions through June 30, 2018. Fare revenue on this service is collected through the District's GFI fare box system and is deposited directly into the District's account.

Michael's Transportation Services: In 2015, the District awarded a one-year contract , with two option years, to Michael's Transportation Services to provide a six-yellow bus service to the Ross Valley School District. The District has exercised both option years to continue the service through the Spring of 2018.

### **B. *Joint Ventures***

The District participates in two joint ventures. One joint venture is for risk management as disclosed in Note 10. The second joint venture is the Marin Emergency Radio Authority (the Authority). The Authority is responsible for acquiring, constructing, improving, and operating a countywide emergency radio system. During the fiscal year ended June 30, 1999, the Authority issued Revenue Bonds to be used for the acquisition of the radio system. The District is responsible for 1.18% share of the annual contributions to the Authority for operations, which also covers debt payments. The amount of the contribution is disclosed in Note 12. The District is not directly responsible for liabilities of the Authority and only has a residual equity interest in the Authority that would result in the District's proportional share of residual assets being distributed to the District, if any, if the members vote to terminate the Authority. The Authority issues separate financial statements, which are available at: Marin Emergency Radio Authority, c/o Novato Fire Protection District, 95 Rowland Way, Novato, California 94945 or [www.meraonline.org/](http://www.meraonline.org/) contact.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **C. *Basis of Presentation***

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District applies all applicable GASB pronouncements in its accounting and financial reporting. The more significant of the District's accounting policies are described below.

The District's resources are allocated to and accounted for in these financial statements as an enterprise fund type of the proprietary fund group. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

### **D. *Basis of Accounting***

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the balance sheet. Net position is segregated into the net investment in capital assets, amounts restricted, and amounts unrestricted. Enterprise fund operating statements present increases (i.e., revenue) and decreases (i.e., expenses) in net position.

The District uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. When such funds are received they are recorded as unearned revenues until earned. TDA revenues are recorded when all eligibility requirements have been met.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to customers for transportation services, contractual compensation and advertising. Operating expenses include the cost of purchased transportation services, contract labor, fuel, depreciation, professional services, leases and rentals, general and administrative, direct labor, marketing, utilities, and other operating expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

### **E. *Cash and Cash Equivalents***

The District defines cash and cash equivalents as cash on hand, demand deposits, and short-term investments, including the investment in the County investment pool. For the purposes of reporting cash flows, the District considers all cash and highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Additionally, one contractor who provides transportation services offsets certain types of revenue and expenses against monthly transportation service charges. Only the actual cash transactions are shown on the statement of cash flows.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**F. Restricted Assets**

Restricted assets consisted of the following at June 30:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Unexpended cash proceeds from FTA funded bus sales	\$ -	\$ 31,624
Unexpended LCTOP grant proceeds	<u>-</u>	<u>-</u>
Restricted cash and investments	-	31,624
Proceeds receivable from FTA funded bus sales	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 31,624</u>

The proceeds from Federal Transit Administration (FTA) funded bus sales are required to be spent on future bus acquisitions. The proceeds receivable from the FTA funded bus sales at June 30, 2017 were received during the year ended June 30, 2018. The unexpended Low Carbon Transit Operations Program (LCTOP) grant proceeds at June 30, 2017 were spent during the fiscal year ended June 30, 2018.

**G. Prepaid Expenses**

Prepaid expenses are costs paid as of the balance sheet date that are related to future accounting periods. Prepaid expenses at June 30, 2018 and 2017 consisted mainly of prepaid software maintenance costs.

**H. Capital Assets**

Capital assets are valued at historical cost. Donated capital assets are reported at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. The District's policy defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Provision is made for depreciation on the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Revenue vehicles	3 – 12 years
Facilities and stops	5- 30 years
Communication and data equipment	3 – 5 years
Fare revenue and collection equipment	5 years
Furniture and fixtures	8 years
Non-revenue vehicles	2 years

Maintenance and repairs are expensed as operating expenses when incurred. Betterments that increase the useful lives or capacity of existing capital assets are capitalized when incurred. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the capital asset accounts in the year of sale or retirement and the resulting gain or loss is included in nonoperating revenues (expenses).

Occasionally the District reimburses other organizations for the purchases of vehicles, facilities, and other assets. For the reimbursements in which the District does not own the assets, the transaction is recorded as capital costs within operating expenses on the statement of revenues, expenses, and changes in fund net position.

**I. Unearned Revenue**

Unearned revenue at June 30, 2018 was Measure A funds expended on pre-paid software maintenance and unearned revenue at June 30, 2017 consisted mainly of bus passes sold in advance of services.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**J. *Compensated Absences***

At June 30, 2018 and 2017, the District's employment policy allows employees to accumulate earned, but unused vacation leave time. Vacation accrues at a rate of 80 hours per year until the third consecutive year of employment when an additional 40 hours are earned. Administrative leave and sick leave is provided to employees, but is not payable at separation or retirement and is not accrued as part of compensated absences. The current portion of the long-term liability is estimated based on historical trends.

**K. *Property Taxes***

The County levies taxes and places liens on real property as of January 1 on behalf of the District. Property taxes are due the following November 1 and March 1 and become delinquent December 10 and April 10, for the first and second installments, respectively. Unsecured property taxes are levied throughout the year.

In 1993, the District entered into an agreement (commonly known as the Teeter Plan) with the County. The Teeter Plan calls for the County to advance the District its share of the annual gross levy of secured property taxes and special assessments. In consideration, the District gives the County of Marin its rights to penalties and interest on delinquent secured property tax receivables and actual proceeds collected. The other receivables line on the balance sheet refers mainly to unsecured property taxes.

**L. *Measure A***

The County's voters passed a ½ cent sales tax measure (Measure A) in 2004 to provide local funding and investment for transportation infrastructure and programs. The tax went into effect on April 1, 2005 and lasts for a period of 20 years. Under the sales tax expenditure plan, fifty-five percent (55%) of Measure A is available for Local Transit service. The Transportation Authority of Marin (TAM) is the transportation sales tax authority in the County. TAM makes Measure A funding available to the District based on projections, and adjusts future years balances to account for actual receipts. The District requests Measure A funds on a reimbursement basis and does not carry an unspent balance of these funds.

**M. *Measure B***

In 2010, the County's voters approved Measure B, the Vehicle Registration Fee Initiative that collects \$10 annually for each vehicle registered in the County for the purpose of improving transportation within the County. The TAM board adopted the Measure B Expenditure Plan on July 28, 2011 and is effective for 10 years. The Measure B Expenditure Plan designates 35% of the funds generated to be used to fund senior and disabled transportation services in the County, and Marin Transit is the designated agency to manage this component. The District requests Measure B funds on a reimbursement basis and does not carry an unspent balance of these funds.

**N. *Net Position***

Net position is categorized as the net investment in capital assets, restricted, and unrestricted as follows:

Net Investment in Capital Assets – The net investment in capital assets groups all capital assets into one category of net position, which is reduced by accumulated depreciation.

Restricted Net Position – Restrictions of net position represent amounts that are legally restricted for specific uses. The amount reported as restricted for capital additions represents a gain on sale of FTA funded buses that must be used for future bus acquisitions.

Unrestricted Net Position – Unrestricted net position represents amounts not restricted for any other project.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)**N. Net Position** (Continued)

The District's Board approved a reserve policy for unrestricted net position allowing for a minimum of two months and maximum of six months of operating expenses to be reserved. An emergency reserve of two months of operating expenses and contingency reserve of more than two months but less than four months of operating expenses were approved under the policy. The emergency reserve is available for one-time, unanticipated expenditures or to offset unanticipated revenue fluctuations. The contingency reserve is available to maintain current transit service levels during revenue declines or slower than anticipated revenue growth. During the fiscal year ended June 30, 2018, a capital reserve was approved by the Board. Reserves were as follows at June 30:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Emergency reserve	\$ 4,992,037	\$ 4,886,753
Contingency reserve	9,984,074	9,773,507
Capital reserve	<u>8,160,238</u>	<u>4,742,221</u>
	<u>\$ 23,136,349</u>	<u>\$ 19,402,481</u>

**O. Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**P. Reclassifications**

Certain amounts in 2017 have been reclassified to conform to the 2018 financial statement presentation. The reclassifications had no effect on total net position or change in net position.

**NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS**

Cash, cash equivalents, and investments as of June 30, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Cash on hand	\$ 25	\$ 205
Bank deposits	1,310,043	1,409,634
County of Marin investment pool	<u>15,360,438</u>	<u>13,690,714</u>
Total Cash, Cash Equivalents, and Investments	<u>\$ 16,670,506</u>	<u>\$ 15,100,553</u>

## **NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS** (Continued)

### Investment in the County of Marin Investment Pool

The District's Financial Management Policies indicates the District will invest excess funds in the County's investment pool. The County's investment pool is monitored and reviewed by a Treasury Oversight Committee (Committee). The Committee and County Board of Supervisors review and approve the County's investment policy yearly. The County's investment pool is not registered by the Securities and Exchange Commission. Interest earned on the pool is allocated to participants quarterly using the average daily cash balance of each fund. Investments held in the County's investment pool are available on demand to the District and are stated at amortized cost, which approximates fair value. The investment in the County pool is withdrawn on the amortized cost basis, which is different than the fair value of the District's investment in the pool. More information about the County's investment pool can be found in the notes to the County's basic financial statements at <https://www.marincounty.org>.

### 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. As of June 30, 2018 and 2017, the weighted average maturity of the investments contained in the County's investment pool was approximately 211 and 231 days, respectively.

### Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's investment pool has maintained the highest rating of AAA by Fitch Ratings, a nationally recognized statistical rating organization, since 1994.

### Custodial credit risk

Custodial risk is the risk that the government will not be able to recover its deposits or the value of its investments that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of government investment pools (such as the County's investment pool). At June 30, 2018 and 2017, the carrying amount of the District's deposits was \$1,310,043 and \$1,409,634 and the balance in the financial institutions was \$1,377,465 and \$1,600,673, respectively. Of the balances in financial institutions, \$250,000 at June 30, 2018 and 2017 was covered by federal depository insurance and the remaining amount at was secured by a pledge of securities by the financial institution, but not in the name of the District.

### NOTE 3 – CAPITAL ASSETS

Capital asset activity was as follows for the fiscal years ended June 30:

	Balance July 1, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Nondepreciable:					
Work in progress	\$ 3,610,173	\$ 558,648	\$ -	\$ (3,420,265)	\$ 748,556
Capital Assets, Being Depreciated/Amortized:					
Revenue vehicles	19,108,821	7,862,632	(30,766)	17,196	26,957,883
Facilities and stops	2,943,526	2,189,163	-	3,338,486	8,471,175
Communication and data equipment	1,634,293	146,966	-	40,108	1,821,367
Fare revenue collection equipment	459,532	14,485	(9,155)	-	464,862
Furniture and fixtures	88,351	-	-	24,475	112,826
Non-revenue vehicles	6,300	372,269	-	-	378,569
<b>Total Capital Assets, Being Depreciated</b>	<b>24,240,823</b>	<b>10,585,515</b>	<b>(39,921)</b>	<b>3,420,265</b>	<b>38,206,682</b>
Less Accumulated Depreciation/Amortization:					
Revenue vehicles	(5,186,369)	(2,372,566)	30,766	-	(7,528,169)
Facilities and stops	(293,581)	(259,905)	-	-	(553,486)
Communication and data equipment	(1,112,229)	(210,460)	-	-	(1,322,689)
Fare revenue collection equipment	(324,651)	(43,747)	9,155	-	(359,243)
Furniture and fixtures	(77,945)	(3,202)	-	-	(81,147)
Non-revenue vehicles	(6,300)	(18,285)	-	-	(24,585)
<b>Total Accumulated Depreciation</b>	<b>(7,001,075)</b>	<b>(2,908,165)</b>	<b>39,921</b>	<b>-</b>	<b>(9,869,319)</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>17,239,748</b>	<b>7,677,350</b>	<b>-</b>	<b>3,420,265</b>	<b>28,337,363</b>
<b>Total Capital Assets, Net</b>	<b>\$ 20,849,921</b>	<b>\$ 8,235,998</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 29,085,919</b>
	Balance July 1, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Nondepreciable:					
Work in progress	\$ 1,746,405	\$ 2,804,403	\$ -	\$ (940,635)	\$ 3,610,173
Capital Assets, Being Depreciated/Amortized:					
Revenue vehicles	17,466,010	977,254	(104,897)	770,454	19,108,821
Facilities and stops	2,913,267	11,723	-	18,536	2,943,526
Communication and data equipment	1,251,626	268,958	-	113,709	1,634,293
Fare revenue collection equipment	412,356	9,240	-	37,936	459,532
Furniture and fixtures	88,351	-	-	-	88,351
Non-revenue vehicles	6,300	-	-	-	6,300
<b>Total Capital Assets, Being Depreciated</b>	<b>22,137,910</b>	<b>1,267,175</b>	<b>(104,897)</b>	<b>940,635</b>	<b>24,240,823</b>
Less Accumulated Depreciation/Amortization:					
Revenue vehicles	(3,209,069)	(2,082,197)	104,897	-	(5,186,369)
Facilities and stops	(187,558)	(106,023)	-	-	(293,581)
Communication and data equipment	(965,429)	(146,800)	-	-	(1,112,229)
Fare revenue collection equipment	(274,984)	(49,667)	-	-	(324,651)
Furniture and fixtures	(74,743)	(3,202)	-	-	(77,945)
Non-revenue vehicles	(6,300)	-	-	-	(6,300)
<b>Total Accumulated Depreciation</b>	<b>(4,718,083)</b>	<b>(2,387,899)</b>	<b>-</b>	<b>-</b>	<b>(7,001,075)</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>17,419,827</b>	<b>(1,120,714)</b>	<b>-</b>	<b>940,635</b>	<b>17,239,748</b>
<b>Total Capital Assets, Net</b>	<b>\$ 19,166,232</b>	<b>\$ 1,683,689</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,849,921</b>

**NOTE 4 – COMPENSATED ABSENCES**

Compensated absences activity was as follows for the fiscal years ended June 30, 2018 and 2017:

	<u>Balance at July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2018</u>	<u>One Year</u>
Compensated absences	<u>\$ 99,699</u>	<u>\$ 83,216</u>	<u>\$ (83,588)</u>	<u>\$ 99,327</u>	<u>\$ 60,232</u>

	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2017</u>	<u>One Year</u>
Compensated absences	<u>\$ 74,848</u>	<u>\$ 81,396</u>	<u>\$ (56,545)</u>	<u>\$ 99,699</u>	<u>\$ 72,455</u>



## NOTE 5 – INTERGOVERNMENTAL REVENUE

The following is the detail of intergovernmental revenues for the years ended June 30:

	2018		
	Non-operating	Capital	Total
Federal revenue:			
FTA			
Section 5303 (State Planning)	\$ 20,000	\$ -	\$ 20,000
Section 5307 (ADA Set-Aside)	701,236	-	701,236
Section 5307 (Vehicle/Equipment purchase)	-	6,391,631	6,391,631
Section 5307 (Lifeline Operations)	222,210	-	222,210
Section 5307 (STIP)	-	69,699	69,699
Section 5309 (State of Good Repair)	-	86,702	86,702
Section 5310 (Mobility Management)	-	-	-
Section 5311 grant (Stagecoach operating)	207,225	-	207,225
Section 5311 grant (RTAP scholarship)	1,168	-	1,168
Section 5316 JARC (Mobility Tech)	-	178,706	178,706
Section 5317 (New Freedom Cycle 4 Funding)	-	-	-
Section 5320 (Transit in the Parks)	-	330,181	330,181
United States Department of the Interior			
National Parks Service	154,736	-	154,736
National Parks Service - Fare Revenue	187,050	-	187,050
Total federal revenue	<u>1,493,625</u>	<u>7,056,919</u>	<u>8,550,544</u>
State revenue:			
TDA	4,614,306	-	4,614,306
STA	-	-	-
STA (Operations - Revenue Based)	900,000	-	900,000
STA (Operations - Population Based)	324,816	-	324,816
Paratransit	60,404	-	60,404
STIP	-	-	-
Active Transportation Program	-	259,693	259,693
Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA)	-	177,963	177,963
Home Owner Property Tax Relief	18,940	-	18,940
LCTOP	128,676	-	128,676
Caltrans	334	-	334
Total state revenue	<u>6,047,476</u>	<u>437,656</u>	<u>6,485,132</u>
Local revenue:			
Measure A			
Strategy 1.1 (Local)	9,960,852	-	9,960,852
Strategy 1.2 (Rural)	1,139,691	-	1,139,691
Strategy 1.3 (Special)	2,154,534	-	2,154,534
Strategy 1.4 (Capital)	286,508	2,053,481	2,339,989
Reserve Fund	-	1,120,000	1,120,000
Interest	85,000	-	85,000
Measure B	974,816	-	974,816
Miscellaneous	-	311,000	311,000
Total local revenue	<u>14,601,401</u>	<u>3,484,481</u>	<u>18,085,882</u>
Total intergovernmental revenue	<u>\$ 22,142,502</u>	<u>\$ 10,979,056</u>	<u>\$ 33,121,558</u>

**NOTE 5 – INTERGOVERNMENTAL REVENUE (Continued)**

	2017		
	Non-operating	Capital	Total
Federal revenue:			
FTA			
Section 5307 (ADA Set-Aside)	\$ 627,012	\$ -	\$ 627,012
Section 5307 (Vehicle Purchase)	-	797,041	797,041
FTA Section 5307 (STIP)	123,080	-	123,080
Section 5309 (State of Good Repair)	-	14,629	14,629
Section 5310 (Mobility Management)	49,157	-	49,157
Section 5311 grant (Stagecoach Operating)	206,437	-	206,437
Section 5316 JARC (Mobility Tech)	-	20,233	20,233
Section 5317 (New Freedom Cycle 4 Funding)	59,661	-	59,661
Section 5320 (Transit in the Parks)	-	10,976	10,976
United States Department of the Interior -	-	-	-
National Parks Service	89,009	-	89,009
	<u>1,154,356</u>	<u>842,879</u>	<u>1,997,235</u>
Total federal revenue			
State revenue:			
TDA	4,440,516	-	4,440,516
STA	-	-	-
STA (Fixed Route Service Operations)	800,000	-	800,000
STA lifeline	502,218	-	502,218
Operating	221,043	-	221,043
Paratransit	53,429	-	53,429
STIP	-	-	-
Active Transportation Program	-	(17,248)	(17,248)
Home Owner Property Tax Relief	18,953	729,307	748,260
PTMISEA	-	1,798,723	1,798,723
Caltrans	320	-	320
	<u>6,036,479</u>	<u>2,510,782</u>	<u>8,547,261</u>
Total state revenue			
Local revenue:			
Measure A	9,024,035	-	9,024,035
Strategy 1.1 (Local)	1,061,315	-	1,061,315
Strategy 1.2 (Rural)	2,180,396	-	2,180,396
Strategy 1.3 (Special)	276,805	680,551	957,356
Strategy 1.4 (Capital)	85,000	-	85,000
Measure B	627,198	-	627,198
Miscellaneous	83,574	4,527	88,101
	<u>13,338,323</u>	<u>685,078</u>	<u>14,023,401</u>
Total local revenue			
Total intergovernmental revenue	<u>\$ 20,529,158</u>	<u>\$ 4,038,739</u>	<u>\$ 24,567,897</u>

## **NOTE 6 – OPERATING LEASE**

The District leases its office space under a non-cancellable operating lease. In July 2012, the District entered into a three-year lease, with one three-year option to renew at market rates. In June 2015, the District exercised its option to renew the lease for three additional years to October 31, 2018. As of June 30, 2018, future minimum lease payments under the operating lease were as follows:

Fiscal Year <u>Ending June 30:</u>	
2019	\$ 136,684
2020	139,400
2021	142,116
2022	144,832
2023	<u>97,761</u>
Total minimum lease commitments	<u>\$ 660,793</u>

Lease expense for the fiscal years ended June 30, 2018 and 2017 totaled \$98,832 and \$96,668, respectively.

## **NOTE 7 – RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS**

The District contributes to the Marin County Transit District Governmental 401(a) single employer defined contribution pension plan (the Plan), for its employees who have attained twenty-one years of age and have more than 1,000 hours of service. The Plan is administered by the District.

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the District's Board of Directors. For each employee in the pension plan at the end of the plan year, the District is required to contribute 10% to 15% of annual salary, exclusive of overtime, to an individual employee account. Employees are not permitted to make contributions to the Plan. For the fiscal years ended June 30, 2018 and 2017, the District recognized pension expense of \$185,692 and \$196,355, respectively.

Employees are fully vested in employer contributions after six months of service. Non-vested District contributions are forfeited upon termination. Such forfeitures are first used to pay plan administrative expenses and any remaining forfeitures are used to reduce the required future employer contribution. There were forfeitures of \$2,151 during fiscal the year ended June 30, 2018 and no forfeitures during the fiscal year ended June 30, 2017.

The District provides a Section 457 deferred compensation plan (Section 457 Plan) to its employees. Employees are allowed to contribute to the Section 457 plan, but the District does not contribute to the Section 457 plan. The District does not currently provide other postemployment benefits (OPEB) to employees.

The District also contracted with the County and an independent entity called Local Government Services (LGS) for staffing until all contract employees were hired by the District during the fiscal year ended June 30, 2014. Pension and OPEB benefits were available to County and LGS contract employees. The District does not currently have a contract with the County that defines responsibility for any unfunded retirement and OPEB benefits for County employees used by the District that may be payable upon separation. However, all former County employees retired or left the County's and District's service and the District does not believe a separation liability is applicable to the District. The contract with LGS stated that LGS is responsible for retirement and OPEB benefits for its employees used by the District.

## **NOTE 8 – COMMITMENTS AND CONTINGENCIES**

### Commitments

The District has the following commitments as of June 30:

<u>Contractor</u>	<u>Purpose</u>	<u>2018</u>	<u>2017</u>
Golden Gate Bridge Highway and Transportation District	Local fixed route service	\$ 12,717,289	\$ 21,943,672
Whistlestop	Paratransit service	11,252,374	14,985,688
Gillig	Hybrid buses	-	7,355,696
Marin Airporter	Shuttle & Fixed Route Services	17,817,611	4,501,200
MV Transportation, Inc.	Rural and seasonal transit service	9,381,767	3,006,153
Thompson Builders	RGTIP construction	-	1,994,366
BYD	Electric buses	1,368,590	1,368,590
Michael's Transportation Services	Yellow bus service	1,929,463	624,456
MV Transportation, Inc.	Catch a ride	-	418,850
Trapeze TripSpark	Paratransit scheduling software	-	304,807
Farber specialty vehicles	Mobile information kiosk	-	297,501
Whistlestop	Travel Navigator, Volunteer Driver	871,194	289,230
Dikita	Passenger ride check	-	234,174
Blink Tag	Website redesign	-	108,903
Creative Bus Sales	Paratransit and stage replacements	1,178,000	-
Syncromatics	Hardware replacement	143,024	-
		<u>\$ 56,659,312</u>	<u>\$ 57,433,286</u>

### Contingencies

The District receives grants from federal and state agencies that are subject to compliance audits by the awarding agency. No such audits occurred during the fiscal year and the District's management does not believe that any such audits would result in material disallowed costs. However, it is possible that ineligible costs could be identified during any such audits in the future.

Marin Transit contracted with LGS (LGS, a Joint Powers Authority) for employees from May 1, 2010 through October 15, 2013. The contract required LGS to take responsibility for any pension benefits of LGS employees used by Marin Transit and LGS made contributions to the California Public Employees Retirement System (CalPERS) on their behalf. In June 2017, Marin Transit was made aware that CalPERS found that LGS incorrectly enrolled six of the individuals employed by LGS and used by Marin Transit into CalPERS membership. Due to this determination, it is unknown whether the employees will be allowed to retain CalPERS service credits and the status of previously made pension contributions/responsibility for any unfunded pension liability for the employees is in question. Marin Transit is working with LGS and CalPERS to explore options for retaining CalPERS service credits and other alternatives for the six current and/or former employees. The ultimate resolution of this matter is currently unknown.

The District is a party to claims arising in the normal course of business. The District's management and legal counsel are of the opinion that the ultimate liability, if any, arising from these claims will not have a material adverse impact of the financial position of the District.

### Concentrations

A significant portion of the District's contracted transit services are provided by three transit contractors. A change in these relationships could have a significant impact on the District.

The District receives a substantial percentage of its revenue from sales tax, fuel tax, and property tax, including TDA, STA, and Measure A revenue. A significant change in these revenue sources could have a significant impact on the District's operations.

## NOTE 9 – OTHER STATE GRANTS

### PTMISEA

In November 2006, California Voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Of the \$19.25 billion of State general obligation bonds authorized, \$4 billion was set aside by the State as instructed by the statute as the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety, or modernization improvements; capital service enhancements or expansions; new capital projects; bus rapid transit improvements; or for rolling stock procurement, rehabilitation, or replacement.

As of June 30, 2018 and 2017, the District was awarded \$2,421,363 from the State’s PTMISEA account for the projects listed in the tables below. The tables below disclose the PTMISEA amounts received, expended, and unexpended for each approved project that was verified during the course of the audit as of June 30:

<u>Project Name</u>	<u>Grant Amount</u>	<u>Received through June 30, 2018</u>	<u>Expended through June 30, 2018</u>	<u>Unexpended at June 30, 2018</u>
Local bus stop revitalization	\$ 400,000	\$ 254,437	\$ 264,910	\$ 135,090
Bus stop improvements	2,021,363	2,021,363	2,021,363	-
<b>Total</b>	<b>\$ 2,421,363</b>	<b>\$ 2,275,800</b>	<b>\$ 2,286,273</b>	<b>\$ 135,090</b>

<u>Project Name</u>	<u>Grant Amount</u>	<u>Received through June 30, 2017</u>	<u>Expended through June 30, 2017</u>	<u>Unexpended at June 30, 2017</u>
Local bus stop revitalization	\$ 400,000	\$ 247,311	\$ 249,301	\$ 150,699
Bus stop improvements	1,993,340	96,954	1,859,009	134,331
Purchase fourteen buses	1,157,651	1,157,651	1,157,651	-
Purchase four thirty foot buses	300,000	300,000	300,000	-
Paratransit vehicles	271,810	243,787	243,787	28,023
Paratransit vehicles expansion	547,687	547,687	547,687	-
Stage upgrade to XHF	111,267	111,267	111,267	-
<b>Total</b>	<b>\$ 4,781,755</b>	<b>\$ 2,704,657</b>	<b>\$ 4,468,702</b>	<b>\$ 313,053</b>

### LCTOP

The LCTOP was established by the California Legislature in 2014 by Senate Bill 862. The LCTOP provides funds to transit agencies to reduce greenhouse gas emission and improve mobility through operating and capital grants. Projects approved for LCTOP will support bus or rail services, expand intermodal transit facilities, and may include equipment acquisition, fueling, maintenance, and other costs to operate those services or facilities, with each project reducing greenhouse gas emissions.

As of June 30, 2018, LCTOP funds of \$128,676 were allocated to the District. All this amount, was received for transit operations on Route 23 and was spent during the fiscal year ended June 30, 2018.

#### **NOTE 10 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. The risk of loss is managed by requiring contract operators to indemnify and hold harmless the District as well as maintain minimum specified levels of coverage. Additional coverage is provided by the County for errors and omissions, injuries to employees, and natural disaster. The District's insurance coverage is carried through CSAC (California State Association of Counties) Excess Insurance Authority (CSAC) in pooled programs and through a commercial insurance carrier.

CSAC is a public entity risk pool currently operating as a common risk management and insurance program for counties located throughout California. The purpose of CSAC is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group. The District's general liability insurance limit through CSAC was \$25,000,000 with a \$25,000 deductible at June 30, 2018 and 2017, respectively. The District's claims have not exceeded the maximum insurance coverage and there have been no reductions in insurance limits during the past three fiscal years.

The District is not directly responsible for liabilities of CSAC and only has a residual equity interest in CSAC that would result in the District's proportional share of residual assets being distributed to the District or its proportional share of additional premiums being required to be paid to CSAC if assets are not adequate to satisfy liabilities, if any, if the members vote to terminate CSAC. The financial statements of CSAC are available at CSAC's office at: 75 Iron Point Circle, Folsom, California 95630 or at [www.csac-eia.org](http://www.csac-eia.org).

#### **NOTE 11 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS**

Transit operators are required to either meet a TDA funding limit of 50% of total expenses or maintain a minimum required fare revenue to operating expenses ratio in order to be eligible for TDA funding. The District's direct allocation of STA revenue meets the 50% expenditure limitation under TDA Section 99268, thereby making the District exempt from fare revenue ratio requirements.

#### **NOTE 12 – RELATED PARTY TRANSACTIONS**

The District's Board includes members of the governing bodies of the County, the City of Novato, the City of Mill Valley, and City of San Rafael (the Cities). The District has various transactions with the County, Cities, and other agencies that have City and County governing body representatives on their governing bodies.

Receivables from Golden Gate Bridge and Highway, and Transportation District (Golden Gate) and Transportation Authority of Marin (TAM) are listed on the face of the balance sheet. TDA and STA revenues listed in Note E are received from Golden Gate as well as various FTA and State grants. Measure A and Measure B revenues listed in Note E are received from TAM.

**NOTE 12 – RELATED PARTY TRANSACTIONS** (Continued)

The following table represents revenues, expenses, accounts payable, and unearned revenue to related agencies not separately reported in the balance sheets and statements of revenues, expenses, and changes in net position or Note 5:

	<u>2018</u>	<u>2017</u>
Revenues from related parties:		
Golden Gate Bridge Highway, and Transportation District:		
Fares	\$ 1,511,170	\$ 1,841,252
Paratransit contribution	1,044,481	1,016,178
Advertising	250,152	237,395
Other revenues	<u>174,622</u>	<u>160,395</u>
Total revenues from related parties not separately reported	<u>\$ 2,980,425</u>	<u>\$ 3,255,220</u>
Expenses to related parties:		
Golden Gate Bridge Highway, and Transportation District - transit contract		
Local transit service operations	\$ 9,284,733	\$ 10,266,187
Vehicle repairs	130,266	83,914
Capital costs	19,194	20,660
County of Marin - fuel	890,683	763,645
Marin Emergency Radio Authority - emergency radio system payments	46,474	46,138
County of Marin - other expenses	46,306	34,049
Metropolitan Transportation Commission - clipper	<u>16,595</u>	<u>13,812</u>
Total expenses to related parties	<u>\$ 10,434,251</u>	<u>\$ 11,228,405</u>
Accounts payable to related parties:		
Golden Gate Bridge Highway, and Transportation District:		
Transit contract	\$ 737,398	\$ 1,417,870
County of Marin - miscellaneous	<u>186,398</u>	<u>73,980</u>
Total accounts payable to related parties	<u>\$ 923,796</u>	<u>\$ 1,491,850</u>
Unearned revenue from related parties:		
Transportation Authority of Marin - Measure A	<u>\$ 3,824</u>	<u>\$ 10,379</u>
Total unearned revenue from related parties	<u>\$ 3,824</u>	<u>\$ 10,379</u>

**NOTE 13 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 28, 2018, the date these financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**



**MARIN COUNTY TRANSIT DISTRICT  
SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

**STATEMENTS OF FIDUCIARY NET POSITION – RETIREMENT PLAN**

	2018	2017
ASSETS		
Cash	\$ 23,072	\$ 52,523
Contributions receivable	13,456	8,167
Investments		
Fixed income	51,271	38,145
Target date funds	576,797	434,621
Stock mutual funds	221,980	134,964
	886,576	607,730
Total Investments		
	886,576	668,420
TOTAL ASSETS		
	886,576	668,420
TOTAL NET POSITION RESTRICTED FOR RETIREMENT BENEFITS	\$ 886,576	\$ 668,420

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION – RETIREMENT PLAN**

	2018	2017
ADDITIONS		
Contributions - employer	\$ 187,842	\$ 196,355
Increase in investments*	55,411	66,088
	243,253	262,443
TOTAL ADDITIONS		
	243,253	262,443
DEDUCTIONS		
Forfeitures	2,151	-
Withdrawals	22,946	46,092
	25,097	46,092
TOTAL DEDUCTIONS		
	25,097	46,092
NET INCREASE IN NET POSITION	218,156	216,351
Net position restricted for retirement benefits - beginning of year	668,420	452,069
NET POSITION RESTRICTED FOR RETIREMENT BENEFITS - END OF YEAR	\$ 886,576	\$ 668,420

\* Includes plan administrative fee of .70% and .95% for mutual funds

**MARIN COUNTY TRANSIT DISTRICT  
BUDGETARY COMPARISON SCHEDULE – OPERATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Revised Budget	Actual	Variance with Revised Budget
<b>REVENUES</b>				
Fares	\$ 4,276,928	\$ 4,276,928	\$ 4,044,538	\$ (232,390)
Advertising and other revenues	400,200	400,200	424,774	24,574
Fees for service	2,102,476	2,102,476	1,963,097	(139,379)
Interest	55,000	55,000	118,552	63,552
Measure A	13,342,614	13,342,614	13,255,077	(87,537)
Measure A interest	85,000	85,000	85,000	-
Measure B	1,045,000	1,045,000	817,778	(227,222)
Property taxes	4,180,831	4,180,831	4,294,380	113,549
Redevelopment aread (RDA) fees	52,032	52,032	47,832	(4,200)
State Transit Assistance (STA)	1,274,981	1,274,981	1,285,220	10,239
Transportation Development Act (TDA)	4,453,555	4,453,555	4,614,306	160,751
Other state revenue	148,114	148,114	147,950	(164)
FTA funds	1,366,509	1,366,509	1,131,839	(234,670)
National Park Service grant	91,540	91,540	154,887	63,347
Cost center transfers	-	-	(41,080)	(41,080)
<b>Total revenues</b>	<b>32,874,780</b>	<b>32,874,780</b>	<b>32,344,150</b>	<b>(530,630)</b>
<b>EXPENDITURES</b>				
Salaries and benefits	2,411,546	2,411,546	2,025,436	(386,110)
Consultant services	523,363	523,363	555,160	31,797
Professional services - legal	100,000	100,000	72,323	(27,677)
Security and maintenance	286,326	286,326	260,715	(25,611)
Customer service	604,384	604,384	528,266	(76,118)
Indirect county overhead	2,500	2,500	2,009	(491)
Mobility management support programs	59,548	59,548	8,363	(51,185)
Office supplies	193,520	193,520	193,344	(176)
General insurance	29,000	29,000	27,860	(1,140)
Contract service operation	23,306,597	23,306,597	22,693,306	(613,291)
Membership & professional development	60,000	60,000	20,502	(39,498)
Mileage and travel	23,000	23,000	15,925	(7,075)
Marketing	231,157	231,157	98,035	(133,122)
Communication	178,400	178,400	171,216	(7,184)
Fuel	2,126,218	2,126,218	2,161,544	35,326
Miscellaneous services	-	-	321	321
Vehicle leases and vehicle parking	23,625	23,625	23,280	(345)
Office - rental and overhead	100,940	113,440	98,832	(14,608)
Partner agency pass through	85,000	85,000	85,000	-
Cost center transfers	(405,401)	(405,401)	(431,158)	(25,757)
<b>Total expenditures</b>	<b>29,939,723</b>	<b>29,952,223</b>	<b>28,610,279</b>	<b>(1,341,944)</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ 2,935,057</b>	<b>\$ 2,922,557</b>	<b>\$ 3,733,871</b>	<b>\$ 811,314</b>

**MARIN COUNTY TRANSIT DISTRICT  
BUDGETARY COMPARISON SCHEDULE – CAPITAL PROGRAM  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Revised Budget	Actual	Variance with Revised Budget
<b>REVENUES</b>				
Fees for service	\$ -	\$ 12,600	\$ -	\$ (12,600)
Other Local	-	311,000	320,270	9,270
Measure A sales tax	695,862	692,344	286,508	(405,836)
Measure A sales tax - capitalized	4,632,838	4,903,681	3,173,479	(1,730,202)
Measure B	-	-	157,038	157,038
STA	-	130,000	-	(130,000)
Proposition 1B	262,217	424,090	177,963	(246,127)
State Active Transportation Program	336,260	259,693	259,693	-
FTA 5309 State of Good Repair	512,805	505,082	86,702	(418,380)
FTA 5307 Urbanized Area Formula	8,116,015	8,072,555	6,461,330	(1,611,225)
FTA 5316 JARC	285,200	268,202	178,706	(89,496)
FTA 5339 Discretionary	4,400,000	4,400,000	-	(4,400,000)
FTA 5320 Transit in the Parks	512,729	531,753	330,181	(201,572)
GGBHTD Payment for Local Paratransit	5,997	5,997	5,465	(532)
GGBHTD Payment for Regional Paratransit	5,641	5,641	5,167	(474)
Sale of assets	-	-	2,093	2,093
Property tax transfer	-	-	41,080	41,080
<b>Total revenues</b>	<b>19,765,564</b>	<b>20,522,638</b>	<b>11,485,675</b>	<b>(9,036,963)</b>
<b>EXPENDITURES</b>				
<i>Vehicles</i>				
Purchase Two Electric Vehicles (Replacements)	1,622,022	1,626,292	27,914	(1,598,378)
Purchase Ten 40ft Hybrid Vehicles (Replacements)	7,695,047	7,692,803	7,483,443	(209,360)
Non Revenue Van	40,750	40,750	42,086	1,336
Purchase Three Paratransit Vehicles (Replacements)	267,000	267,000	1,329	(265,671)
Purchase Four Accessible Vans	102,780	245,000	223,919	(21,081)
Purchase One Shuttle Vehicle	-	130,000	-	(130,000)
Purchase Two 35ft XHF Vehicles	-	10,000	-	(10,000)
<i>Facilities &amp; Stops</i>				
Bus Stop Improvements SGR (BI)	600,000	631,796	108,377	(523,419)
Bus Stop Assessment Update	80,000	89,982	71,118	(18,864)
Downtown Novato Hub (NH) Construction	1,637,663	2,129,675	2,118,045	(11,630)
Muir Woods Infrastructure Improvements	512,729	531,753	330,182	(201,571)
San Rafael Transit Center	100,000	100,000	-	(100,000)
<i>Facility</i>				
Facility Preliminary Design & Env	102,881	78,660	78,592	(68)
Facility ROW Purchase & Capital Improvements	5,500,000	5,500,000	60,808	(5,439,192)
Office Furniture	-	40,000	14,090	(25,910)
<i>Technology projects</i>				
On board equipment 2016	164,956	160,908	95,668	(65,240)
On board equipment 2015	105,860	65,784	65,784	-
Mobility management technology backbone	356,500	335,253	223,383	(111,870)
MERA	29,000	29,000	27,297	(1,703)
Radio communication upgrade	75,000	71,917	44,155	(27,762)
<i>Ongoing capital expenses</i>				
Golden Gate capital costs (GG)	20,000	20,000	19,194	(806)
Bus stop maintenance (BM)	100,000	100,000	48,283	(51,717)
Major vehicle repairs (VR)	300,000	300,000	155,271	(144,729)
Infrastructure support (IF)	385,000	397,600	278,364	(119,236)
<b>Total expenditures</b>	<b>19,797,188</b>	<b>20,594,173</b>	<b>11,517,302</b>	<b>(9,076,871)</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ (31,624)</b>	<b>\$ (71,535)</b>	<b>\$ (31,627)</b>	<b>\$ 39,908</b>

**MARIN COUNTY TRANSIT DISTRICT  
 BUDGETARY COMPARISON SCHEDULE –  
 RECONCILIATION TO STATEMENTS OF REVENUES, EXPENSES,  
 AND CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Excess of revenues over (under) expenditures - budgetary basis (operations)	\$ 3,733,871
Excess of revenues over (under) expenditures - budgetary basis (capital program)	(31,627)
Amounts not budgeted:	
Capital asset additions	11,144,163
Net book value of capital asset disposals	-
Depreciation expense	<u>(2,908,165)</u>
Increase (decrease) in net position	<u>\$ 11,938,242</u>

**STATISTICAL SECTION**

## STATISTICAL SECTION

This section of the District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall health.

Contents	<u>Pages</u>
<u>Financial Trends</u>	
This segment contains trend information to help the reader understand how the District's financial performance and well-being have changed over time.....	35-37
<u>Revenue Capacity</u>	
This segment includes information to help the reader assess the District's most significant own-source revenues: passenger fares and property taxes. ....	38-43
<u>Debt Capacity</u>	
This segment presents information intended to assist the reader in understanding and assessing the District's current level of outstanding debt and its ability to issue additional debt in the future. ....	44
<u>Economic and Demographic Information</u>	
This segment depicts county-wide demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. ....	45-46
<u>Operating Information</u>	
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.....	47-51

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION  
FINANCIAL TRENDS  
SCHEDULE OF NET POSITION  
LAST TEN FISCAL YEARS**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net investment in capital assets	\$ 1,751,461	\$ 2,520,630	\$ 2,249,366	\$ 3,595,152	\$ 6,113,707	\$ 7,201,252	\$ 8,665,148	\$ 19,166,232	\$ 20,849,921	\$ 29,085,919
Restricted net position	-	-	-	-	-	-	-	307,027	31,624	-
Unrestricted net position	<u>9,427,959</u>	<u>7,821,246</u>	<u>7,376,283</u>	<u>5,794,532</u>	<u>7,341,199</u>	<u>9,236,575</u>	<u>11,847,226</u>	<u>15,421,852</u>	<u>19,402,481</u>	<u>23,136,349</u>
Total net position	<u>\$ 11,179,420</u>	<u>\$ 10,341,876</u>	<u>\$ 9,625,649</u>	<u>\$ 9,389,684</u>	<u>\$ 13,454,906</u>	<u>\$ 16,437,827</u>	<u>\$ 20,512,374</u>	<u>\$ 34,895,111</u>	<u>\$ 40,284,026</u>	<u>\$ 52,222,268</u>

*Source: MCTD Audited Financial Statements*

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION  
FINANCIAL TRENDS  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>OPERATING REVENUES</b>										
Transit fares	\$ 3,736,314	\$ 3,643,582	\$ 3,640,913	\$ 3,610,175	\$ 3,720,004	\$ 3,731,205	\$ 3,669,514	\$ 3,586,587	\$ 3,528,289	\$ 3,570,143
Contractual compensation	1,615,247	1,590,378	1,760,645	1,779,524	1,734,847	1,906,714	1,950,099	2,028,796	1,765,230	1,830,716
Special fares	-	-	-	-	-	20,000	-	250,798	269,244	265,509
School bus revenues	-	-	-	-	-	-	-	130,000	145,000	145,000
Advertising <sup>1</sup>	533,082	505,672	452,219	464,309	-	-	-	-	-	-
Miscellaneous	-	-	45,637	-	-	-	-	-	-	-
<b>TOTAL OPERATING REVENUES</b>	<b>5,884,643</b>	<b>5,739,632</b>	<b>5,899,414</b>	<b>5,854,008</b>	<b>5,454,851</b>	<b>5,657,919</b>	<b>5,619,613</b>	<b>5,996,181</b>	<b>5,707,763</b>	<b>5,811,368</b>
<b>OPERATING EXPENSES</b>										
Purchased transportation services	19,858,355	21,871,971	20,826,032	21,839,008	20,517,322	21,720,736	21,888,029	20,461,632	21,422,651	22,698,220
Depreciation	315,942	496,948	511,521	651,343	715,867	937,139	917,002	1,753,960	2,387,889	2,908,165
Salaries and benefits	-	-	-	-	143,364	964,311	1,327,913	1,631,669	1,973,470	1,881,194
Fuel	591,192	575,873	567,028	704,196	953,177	1,355,476	1,291,857	1,619,444	1,818,940	2,161,545
Professional services	397,877	171,180	368,026	354,714	351,732	486,242	554,304	1,003,065	1,177,446	1,440,732
General and administrative	305,862	420,216	262,693	285,601	188,549	165,775	129,360	179,181	199,985	244,554
Utilities	-	-	30,326	30,703	43,021	73,940	91,016	106,949	116,578	98,832
Marketing	63,078	92,336	91,248	121,743	72,424	136,455	114,660	127,154	114,823	150,501
Leases and rentals	-	-	523,283	539,051	155,728	100,975	92,236	94,469	96,668	47,873
Other services	-	-	10,638	26,626	70,615	66,750	66,654	61,792	51,035	26,214
Casualty and liability costs	-	-	15,491	17,819	25,433	25,738	29,444	29,580	18,083	31,526
Maintenance costs	-	-	33,979	72,752	734	53,439	89,988	15,961	10,448	19,195
Capital costs	-	-	58,140	2,250	197,002	383,848	330,949	109,393	9,085	98,034
Contract labor <sup>2</sup>	674,057	1,014,604	1,013,098	1,358,638	1,324,074	469,169	-	-	-	-
Interest expense	1,547	-	-	-	-	-	-	-	-	-
<b>TOTAL OPERATING EXPENSE</b>	<b>22,207,910</b>	<b>24,643,128</b>	<b>24,311,503</b>	<b>26,004,444</b>	<b>24,759,042</b>	<b>26,939,993</b>	<b>26,923,412</b>	<b>27,194,249</b>	<b>29,397,101</b>	<b>31,806,585</b>
<b>OPERATING INCOME (LOSS)</b>	<b>\$ (16,323,267)</b>	<b>\$ (18,903,496)</b>	<b>\$ (18,412,089)</b>	<b>\$ (20,150,436)</b>	<b>\$ (19,304,191)</b>	<b>\$ (21,282,074)</b>	<b>\$ (21,303,799)</b>	<b>\$ (21,198,068)</b>	<b>\$ (23,689,338)</b>	<b>\$ (25,995,217)</b>



**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION  
FINANCIAL TRENDS  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (Continued)  
LAST TEN FISCAL YEARS**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
NON OPERATING REVENUES (EXPENSES)										
Intergovernmental revenue	\$ 15,447,894	\$ 13,186,223	\$ 14,289,797	\$ 15,113,612	\$ 16,623,069	\$ 18,559,479	\$ 19,097,503	\$ 19,069,595	\$ 20,529,158	\$ 22,142,502
Property tax revenue	3,225,851	3,258,947	3,141,177	3,164,121	3,229,758	3,447,835	3,611,357	3,848,219	4,111,657	4,321,194
Advertising <sup>1</sup>	-	-	-	-	334,864	344,516	283,443	229,202	245,018	280,788
Rental income	-	-	-	-	-	-	-	157,712	152,772	158,256
Interest income	107,374	70,762	23,628	6,472	2,575	5,399	9,816	14,044	51,968	118,552
Miscellaneous income	-	-	-	-	-	-	2,134	-	-	-
Marin Community Foundation	-	-	-	-	-	-	-	-	-	-
Other revenues/Gain on disposal of capital assets	-	-	-	2,844	(21,696)	30,171	-	88,571	1,102	2,093
Pass through of Measure A to Golden Gate Transit	-	-	-	-	-	(85,000)	-	(85,000)	(85,000)	(85,000)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>18,781,119</b>	<b>16,515,932</b>	<b>17,454,602</b>	<b>18,287,049</b>	<b>20,168,570</b>	<b>22,302,400</b>	<b>23,004,253</b>	<b>23,322,343</b>	<b>25,006,675</b>	<b>26,938,385</b>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	<b>2,457,852</b>	<b>(2,387,564)</b>	<b>(956,487)</b>	<b>(1,863,387)</b>	<b>864,379</b>	<b>1,020,326</b>	<b>1,700,454</b>	<b>2,124,275</b>	<b>1,317,337</b>	<b>943,168</b>
CAPITAL CONTRIBUTIONS										
Intergovernmental revenue	2,099,797	1,550,020	240,260	1,627,422	3,200,843	1,962,595	2,374,093	12,250,751	4,038,739	10,979,056
Other revenue	-	-	-	-	-	-	-	7,711	32,839	16,018
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<b>2,099,797</b>	<b>1,550,020</b>	<b>240,260</b>	<b>1,627,422</b>	<b>3,200,843</b>	<b>1,962,595</b>	<b>2,374,093</b>	<b>12,258,462</b>	<b>4,071,578</b>	<b>10,995,074</b>
<b>CHANGE IN NET POSITION</b>	<b>4,557,649</b>	<b>(837,544)</b>	<b>(716,227)</b>	<b>(235,965)</b>	<b>4,065,222</b>	<b>2,982,921</b>	<b>4,074,547</b>	<b>14,382,737</b>	<b>5,388,915</b>	<b>11,938,242</b>
Net position at beginning of year	7,134,969	11,179,420	10,341,876	9,625,649	9,389,684	13,454,906	16,437,827	20,512,374	34,895,111	40,284,026
Prior period adjustment	(513,198)	-	-	-	-	-	-	-	-	-
Net position at beginning of year, as restated	6,621,771	11,179,420	10,341,876	9,625,649	9,389,684	13,454,906	16,437,827	20,512,374	34,895,111	40,284,026
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 11,179,420</b>	<b>\$ 10,341,876</b>	<b>\$ 9,625,649</b>	<b>\$ 9,389,684</b>	<b>\$ 13,454,906</b>	<b>\$ 16,437,827</b>	<b>\$ 20,512,374</b>	<b>\$ 34,895,111</b>	<b>\$ 40,284,026</b>	<b>\$ 52,222,268</b>

<sup>1</sup> Advertising revenue re-classified from Operating to Nonoperating revenue beginning FY 13

<sup>2</sup> Labeled "Staff Compensation" from FY09 to FY12

Source: MCTD Audited Financial Statements

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION  
REVENUE CAPACITY  
PASSENGER AND FARE DATA  
LAST TEN FISCAL YEARS**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fare Revenue <sup>1,3</sup>	\$ 3,736,314	\$ 3,643,582	\$ 3,640,913	\$ 3,610,175	\$ 3,720,004	\$ 3,751,205	\$ 3,669,514	\$ 3,837,385	\$ 3,797,533	\$ 4,044,536
Passengers <sup>2</sup>	3,406,115	3,299,287	3,382,802	3,426,845	3,432,469	3,546,112	3,464,628	3,332,265	3,216,894	3,293,385
Average fare per passenger	\$ 1.10	\$ 1.10	\$ 1.08	\$ 1.05	\$ 1.08	\$ 1.06	\$ 1.07	\$ 1.15	\$ 1.18	\$ 1.23

<sup>1</sup> Source: Marin Transit Audited Financial Statements. Includes Fares and Special Fares

<sup>2</sup> Sources: Marin Transit Short Range Transit Plans, Monthly Monitoring & Performance Statistic Reports

<sup>3</sup> Includes National Park fare payments in 2018

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION  
REVENUE CAPACITY  
FARE STRUCTURE  
AS OF JUNE 30, 2018**

<u>Category</u>	<u>Cash Price</u>	<u>Clipper</u>	<u>6 Month Pass</u> <sup>1</sup>	<u>1-Day Pass</u>	<u>7-Day Pass</u>	<u>31-Day Pass</u>
Adult	\$2.00	\$1.80	-	\$5.00	\$20.00	\$80.00
Youth (5-18)	\$1.00	\$1.00	\$175.00 <sup>1</sup>	\$2.50	\$10.00	\$40.00
Children Under 5			Free when accompanied by an adult			
Seniors (65+)	\$1.00	\$1.00	-	\$2.50	\$10.00	\$25.00
Persons with Disabilities	\$1.00	\$1.00	-	\$2.50	\$10.00	\$25.00
ASA Mandated Service <sup>2</sup>	\$2.00	-	-	-	-	-
ADA Non-Mandated Service <sup>3</sup>	\$2.50	-	-	-	-	-

<sup>1</sup> Free to low income youth. \$325 for a year.

<sup>2</sup> ADA Regulations permit fares for ADA Mandated trips to be as high as \$4.00.

<sup>3</sup> ADA Regulations set no maximum for Non-Mandated ADA trips.

<u>Muir Woods Fare Category<sup>1</sup></u>	<u>Current Fare</u>
Adult	\$3.00
Youth (16-18)	\$3.00
Youth (under 16)	Free
Senior/Disabled (without NPS Pass)	\$3.00
Senior/Disabled and up to three party members (with NPS Pass)	Free

<sup>1</sup> NPS pays additional \$2 per passenger

Source: Marin Transit 2018-2027 Short Range Transit Plan

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION  
REVENUE CAPACITY  
COUNTY SALES TAX REVENUE  
LAST TEN FISCAL YEARS**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 <sup>2</sup>
Local Measure A half cent sales tax revenue	\$ 19,320,196	\$ 18,984,492	\$ 20,259,801	\$ 21,265,462	\$ 23,619,507	\$ 24,086,678	\$ 25,265,790	\$ 25,702,937	\$ 25,755,761	\$ 27,507,852
Annual growth	-13.9%	-1.7%	6.7%	5.0%	11.1%	2.0%	4.9%	1.7%	0.2%	6.8%
Sales tax revenue available to Marin Transit <sup>1</sup>	\$ 8,920,033	\$ 8,761,972	\$ 10,043,678	\$ 10,614,815	\$ 11,944,532	\$ 12,208,421	\$ 12,874,175	\$ 13,117,917	\$ 13,144,538	\$ 13,720,162
Percent of measure revenue	46%	46%	50%	50%	51%	51%	51%	51%	51%	50%
Annual growth	-15.8%	-1.8%	14.6%	5.7%	12.5%	2.2%	5.5%	1.9%	0.2%	4.4%
Sales tax reserve funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200,000

<sup>1</sup> 55% of Sales Tax Receipts after administrative reductions

<sup>2</sup> Preliminary numbers

Source: Transportation Authority of Marin (TAM) Annual Financial Report, TAM Measure A Programming Workbook

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION  
REVENUE CAPACITY  
PROPERTY TAX REVENUE  
LAST TEN FISCAL YEARS**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Property Tax and Development Fee Revenue	\$ 3,225,851	\$ 3,258,947	\$ 3,141,177	\$ 3,164,121	\$ 3,229,758	\$ 3,447,835	\$ 3,611,357	\$ 3,855,930	\$ 4,144,496	\$ 4,337,212
Expended on operations	3,225,851	3,258,947	3,141,177	3,164,121	3,229,758	3,447,835	3,611,357	3,848,219	4,111,657	4,321,194
Expended on capital	-	-	-	-	-	-	-	7,711	32,839	16,018
Annual growth	-0.2%	1.0%	-3.6%	0.7%	2.1%	6.8%	4.7%	6.8%	7.5%	4.6%

*Source: MCTD Audited Financial Statements, Budgetary Comparison Schedule*

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION  
REVENUE CAPACITY  
ASSESSED VALUATION OF TAXABLE PROPERTY IN MARIN COUNTY  
LAST TEN FISCAL YEARS (IN THOUSANDS)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Secured <sup>1</sup>	\$ 55,451,069	\$ 56,421,874	\$ 55,762,678	\$ 56,212,206	\$ 56,725,179	\$ 58,938,343	\$ 62,341,701	\$ 66,718,112	\$ 70,952,207	\$ 74,715,394
Unsecured <sup>2</sup>	1,449,359	1,488,475	1,467,396	1,462,190	1,470,366	1,480,668	1,530,991	15,556,521	1,566,336	1,610,799
Exempt <sup>3</sup>	1,731,004	1,825,610	1,850,867	1,906,079	1,958,091	2,013,902	2,037,580	2,067,204	2,079,024	2,157,806
Total Taxable Assessed Value	\$ 55,169,424	\$ 56,084,739	\$ 55,379,207	\$ 55,768,317	\$ 56,237,454	\$ 58,405,109	\$ 61,835,112	\$ 66,207,429	\$ 70,439,520	\$ 74,168,387
Total Direct Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Growth Rate	5.8%	1.7%	-1.3%	0.7%	0.8%	3.9%	5.9%	7.1%	6.4%	5.3%

<sup>1</sup> Secured property is generally real property, defined as land, mines, minerals, timber, and improvements such as buildings, structures, crops, trees, and vines.

<sup>2</sup> Unsecured property is generally personal property including machinery, equipment, office tools, and supplies.

<sup>3</sup> Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain tax payers from the burden of paying property taxes.

\* Unavailable

*Source: Department of Finance – County of Marin, California*

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION  
REVENUE CAPACITY  
DIRECT AND OVERLAPPING PROPERTY TAX RATES <sup>1</sup> IN MARIN COUNTY  
LAST TEN FISCAL YEARS (RATE PER \$100 OF ASSESSED VALUE)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
County Direct Rate	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Local Special Districts	0.7121%	0.6741%	0.7677%	0.8093%	0.7721%	0.2876%	0.8156%	0.8200%	0.9221%	0.9041%
Schools	0.5836%	0.6468%	0.7423%	0.7808%	0.7884%	0.7775%	0.8000%	0.8114%	0.8506%	0.8381%
Cities	0.2734%	0.2757%	0.2860%	0.2523%	0.2522%	0.2601%	0.2519%	0.2510%	0.2394%	0.2353%
Total Direct and Overlapping <sup>2</sup>	2.5691%	2.5966%	2.7960%	2.8424%	2.8127%	2.3252%	2.8675%	2.8824%	3.0121%	2.9775%

<sup>1</sup> On June 6, 1978, California voters approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, which limits the taxing power of California public agencies. Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy property tax except to pay debt service on indebtedness approved by votes prior to July 1, 1978 and that each County will levy the maximum tax permitted by Article XIII A of \$1 per \$100 of full cash value. Full cash value is equivalent to assessed value, pursuant to Senate Bill 1656, Statutes of 1978. The rates shown above are percentages of assessed value.

<sup>2</sup> These rates represent the maximum rate charged to taxpayers if all rates applied to them. In reality, the rates applicable to tax rate areas will vary at amounts lower than these totals.

\* Unavailable

*Source: Department of Finance – County of Marin, California*

**MARIN COUNTY TRANSIT DISTRICT  
 STATISTICAL SECTION  
 DEBT CAPACITY  
 OUTSTANDING DEBT BALANCES  
 LAST TEN FISCAL YEARS**

<u>Lender</u>	<u>Original Loan Amount</u>	<u>Date of Loan</u>	<u>Purpose</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
N/A	N/A	N/A	N/A	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*Source: MCTD Audited Financial Statements*



**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION  
ECONOMIC AND DEMOGRAPHIC INFORMATION  
ECONOMIC AND DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Population <sup>1</sup>	250,862	252,946	255,457	256,064	258,506	260,516	261,054	260,651	*	*
Personal Income (in thousands) <sup>1</sup>	\$ 20,810,155	\$ 21,049,598	\$ 23,009,440	\$ 24,619,594	\$ 25,045,431	\$ 27,176,774	\$ 29,227,230	\$ 30,222,883	*	*
Per Capita Personal Income <sup>1</sup>	\$ 82,955	\$ 83,218	\$ 90,072	\$ 96,146	\$ 96,885	\$ 104,319	\$ 111,959	\$ 115,952	*	*
School Enrollment <sup>2</sup>	29,615	30,140	30,574	31,107	31,868	32,793	33,207	33,638	33,633	33,741
Unemployment Rate <sup>3</sup>	7.90%	7.80%	7.50%	6.60%	5.50%	4.30%	3.60%	3.40%	3.00%	2.70%

**Sources:**

<sup>1</sup> US Department of Commerce, Bureau of Economic Analysis – [www.bea.gov](http://www.bea.gov)

<sup>2</sup> California Department of Education, Educational Demographics Office – [www.ed-data.org/county/Marin](http://www.ed-data.org/county/Marin)

<sup>3</sup> Employment Development Department, Labor Market Information – [www.labormarketinfo.edd.ca.gov](http://www.labormarketinfo.edd.ca.gov)

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION  
ECONOMIC AND DEMOGRAPHIC INFORMATION  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

2018			2009		
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment
County of Marin	2,282	1.62% *	County of Marin	2,195 *	1.73%
Kaiser Permanente Medical Center	2,092	1.48%	San Quentin State Prison	1,718 *	1.35%
San Quentin State Prison	1,662	1.18% *	Kaiser Permanente Medical Center	1,380	1.09%
Marin General Hospital	1,602	1.13%	Fireman's Fund Insurance Co.	1,150	0.90%
BioMarin	1,153	0.82% *	Novato School District	1,000	0.79%
Novato Unified School District	800	0.57% *	Autodesk, Inc	988	0.78%
Glassdoor	750	0.53%	Marin General Hospital	867	0.68%
Marin Community Clinics	375	0.27%	Safeway, Inc.	636	0.50%
San Rafael City Schools	700	0.50% *	Green Point Mortgage	589	0.46%
Dominican University	319	0.23%	Macy's	535	0.42%
<b>Total</b>	<b>11,735</b>	<b>8.31%</b>		<b>11,058</b>	<b>8.70%</b>
<b>Total County Employment</b>	<b>141,300</b>			<b>127,100</b>	

Note: When information is not available, periods that are available are provided as an alternative.

\*Based on 2016 data

*Sources:*

*Community Profile, County of Marin*

*Employment Development Department, Labor Market Information - [www.Labormarketinfo.edd.ca.gov](http://www.Labormarketinfo.edd.ca.gov)*

*NorthBay Business Journal - Book of Lists 2018*

**MARIN COUNTY TRANSIT DISTRICT  
 STATISTICAL SECTION  
 OPERATING INFORMATION  
 DISTRICT PROFILE  
 AS OF JUNE 30, 2018**

Date the District was Formed	1964
Form of Governance	Board of Directors, with General Manager
Total Employees	16.1
Service Area	All of Marin County
Area of District (in square miles)	Approximately 520
Population of Service Area <sup>1</sup>	260,651
Local Financial Support	Measure A Sales Tax Revenue
Number of Fixed Route Bus Routes	28
Revenue Service Hours	243,825
Average Passenger Trips per Revenue Hour	13.4
Number of Vehicles in Service	105
Bus Stops	600+

<sup>1</sup> As of 2016

*Source: MCTD Finance Department, FY 2018 System Performance Report*

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION  
OPERATING INFORMATION  
NON-OPERATING INTERGOVERNMENTAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Federal Revenue</b>										
Federal Transit Administration	\$ 1,876,373	\$ 1,020,762	\$ 652,055	\$ 741,773	\$ 1,070,210	\$ 1,375,087	\$ 1,317,128	\$ 901,433	\$ 1,065,347	\$ 1,151,839
United States Department of the Interior - National Parks Service	-	-	133,852	152,465	126,276	159,028	168,665	150,865	89,009	154,736
United States Department of the Interior - NPS Fare Reimbursement	-	-	-	-	-	-	-	-	-	187,050
<b>Total Federal Revenue</b>	<b>1,876,373</b>	<b>1,020,762</b>	<b>785,907</b>	<b>894,238</b>	<b>1,196,486</b>	<b>1,534,115</b>	<b>1,485,793</b>	<b>1,052,298</b>	<b>1,154,356</b>	<b>1,493,625</b>
<b>State Revenue</b>										
Transportation Development Act	3,355,758	3,236,081	3,293,393	3,451,219	3,591,333	4,015,345	4,542,050	4,562,778	4,440,516	4,614,306
State Transit Assistance	505,240	184,275	1,324,574	1,390,390	1,602,754	1,360,737	1,310,912	1,316,134	1,576,690	1,285,220
Public Transportation Modernization Improvement	-	600,526	-	-	-	-	-	-	-	-
STIP	31,397	60,259	-	-	-	-	-	-	-	-
Home Owner Property Tax Relief	20,347	20,054	19,951	19,999	19,661	19,500	19,326	19,138	18,953	18,940
Low Carbon Transit Operations Program	-	-	-	-	-	-	-	275,413	-	128,676
Caltrans	370	263	252	207	232	253	208	283	320	334
<b>Total State Revenue</b>	<b>3,913,112</b>	<b>4,101,458</b>	<b>4,638,170</b>	<b>4,861,815</b>	<b>5,213,980</b>	<b>5,395,835</b>	<b>5,872,496</b>	<b>6,173,746</b>	<b>6,036,479</b>	<b>6,047,476</b>
<b>Local Revenue</b>										
Measure A	9,604,266	8,063,215	8,865,720	9,063,903	9,671,912	10,849,462	10,860,313	10,998,120	12,542,551	13,541,585
Measure A Interest	-	-	-	-	-	85,000	-	85,000	85,000	85,000
Measure B	-	-	-	276,677	534,025	671,308	863,617	730,335	627,198	974,816
Metropolitan Transportation Commission	-	-	-	13,334	6,666	-	-	-	-	-
Golden Gate Bridge Highway and Transportation District	45,143	-	-	-	-	-	-	-	-	-
County of Marin	9,000	788	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	3,645	-	23,759	15,284	30,096	83,574	-
<b>Total Local Revenue</b>	<b>9,658,409</b>	<b>8,064,003</b>	<b>8,865,720</b>	<b>9,357,559</b>	<b>10,212,603</b>	<b>11,629,529</b>	<b>11,739,214</b>	<b>11,843,551</b>	<b>13,338,323</b>	<b>14,601,401</b>
<b>Total Intergovernmental Revenue</b>	<b>\$ 15,447,894</b>	<b>\$ 13,186,223</b>	<b>\$ 14,289,797</b>	<b>\$ 15,113,612</b>	<b>\$ 16,623,069</b>	<b>\$ 18,559,479</b>	<b>\$ 19,097,503</b>	<b>\$ 19,069,595</b>	<b>\$ 20,529,158</b>	<b>\$ 22,142,502</b>

Source: MCTD Audited Financial Statements

**MARIN COUNTY TRANSIT DISTRICT  
 STATISTICAL SECTION  
 OPERATING INFORMATION  
 SUMMARY OF SERVICE PROVIDER CONTRACTS  
 AS OF JUNE 30, 2018**

Contract Type	Services Provided	Contractor	Current Term
Intergovernmental agreement	Local Fixed Route	Golden Gate Transit	July 1, 2015 – June 30, 2020
Competitively bid	Community Shuttles and Fixed Route Service	Marin Airporter	July 1, 2018 – June 30, 2021
Competitively bid	Rural and Seasonal Services	MV Transportation	July 1, 2018 – June 30, 2021
Competitively bid	Local Paratransit and Novato Dial-A-Ride	Marin Senior Coordinating Council	January 1, 2016 – June 30, 2020
Competitively bid	Travel Navigator	Marin Senior Coordinating Council	July 1, 2016 – June 30, 2018
Competitively bid	Catch-A-Ride	MV Transportation	July 1, 2013 – June 30, 2018
Competitively bid	Volunteer Driver and Travel Navigators	Marin Senior Coordinating Council	July 1, 2018 – June 30, 2019
Competitively bid	Volunteer Driver	West Marin Senior Services	July 1, 2018 – June 30, 2019
Sole Source after receiving no bids	Yellow Bus Service	Michael's Transportation	July 1, 2015 – June 30, 2018

*Source: Finance Department*

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION  
OPERATING INFORMATION  
SUMMARY OF CAPITAL ASSETS  
LAST TEN FISCAL YEARS**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Number of buses owned	49	49	50	51	55	58	66	90	95	105
Cost of assets:										
Work in progress	\$ -	\$ -	\$ 196,851	\$ 515,919	\$ 701,902	\$ 1,024,112	\$ 2,176,497	\$ 1,746,405	\$ 3,610,173	\$ 748,556
Revenue vehicles	2,690,715	3,206,347	3,292,294	4,600,270	6,987,949	6,758,552	7,597,033	17,466,010	19,108,821	26,957,885
Facilities and stops	-	-	-	-	-	1,495,243	1,553,706	2,913,267	2,943,526	8,471,174
Communication and data equipment	23,482	674,407	631,867	680,264	984,560	1,065,948	1,251,626	1,251,626	1,634,293	1,821,367
Fare revenue collection equipment	193,708	193,708	193,708	193,708	257,913	266,465	412,356	412,356	459,532	464,862
Furniture and fixtures	62,735	62,735	62,735	62,735	88,351	88,351	88,351	88,351	88,351	88,351
Non-revenue vehicles					6,300	6,300	6,300	6,300	6,300	403,044
Total cost	<u>2,970,640</u>	<u>4,137,197</u>	<u>4,377,455</u>	<u>6,052,896</u>	<u>9,026,975</u>	<u>10,704,971</u>	<u>13,085,869</u>	<u>23,884,315</u>	<u>27,850,996</u>	<u>38,955,239</u>
Less: accumulated depreciation	<u>1,219,179</u>	<u>1,616,567</u>	<u>2,128,089</u>	<u>2,457,744</u>	<u>2,913,268</u>	<u>3,503,719</u>	<u>4,420,721</u>	<u>4,718,083</u>	<u>7,001,075</u>	<u>9,869,320</u>
Net capital assets	<u>\$ 1,751,461</u>	<u>\$ 2,520,630</u>	<u>\$ 2,249,366</u>	<u>\$ 3,595,152</u>	<u>\$ 6,113,707</u>	<u>\$ 7,201,252</u>	<u>\$ 8,665,148</u>	<u>\$ 19,166,232</u>	<u>\$ 20,849,921</u>	<u>\$ 29,085,919</u>

*Source: MCTD Audited Financial Statements*

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION  
OPERATING INFORMATION  
VEHICLE OPERATING STATISTICS  
LAST FOUR FISCAL YEARS**

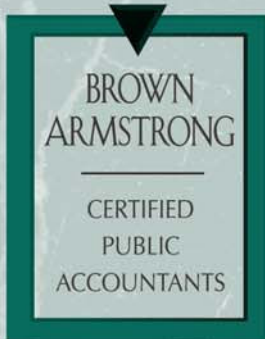
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Motorbus:</b>				
Vehicles Operated in Annual Maximum Service (VOMS)	69	53	55	54
Vehicles Available for Annual Maximum Service	85	82	74	71
Total Actual Vehicle Revenue Miles	2,133,375	2,166,258	2,307,555	2,300,458
Total Actual Vehicle Revenue Hours	152,799	156,803	178,049	180,238
Unlinked Passenger Trips	3,252,116	3,031,450	2,926	3,001,619
Passenger Miles Traveled (PMT)	13,209,269	12,312,979	11,970,345	12,281,711
Days Operated	365	366	365	365
<b>Demand Response:</b>				
Vehicles Operated in Annual Maximum Service (VOMS)	38	27	26	31
Vehicles Available for Annual Maximum Service	39	34	46	39
Total Actual Vehicle Revenue Miles	927,058	688,072	617,199	704,224
Total Actual Vehicle Revenue Hours	60,417	44,764	42,806	47,569
Unlinked Passenger Trips	137,131	98,483	93,410	98,068
ADA Unlinked Passenger Trips (UPT)	132,138	98,236	93,174	97,832
Passenger Miles Traveled (PMT)	1,039,975	811,798	757,048	772,059
Days Operated	365	366	365	365

Note: Fiscal year 2015 was the first year the District reported its own information to the National Transit Database (NTD). Information will be added prospectively until ten years is available.

Source: National Transit Database Reports

## **OTHER REPORTS**





# BROWN ARMSTRONG

*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH THE STATUTES, RULES, AND REGULATIONS OF THE CALIFORNIA TRANSPORTATION DEVELOPMENT ACT AND THE ALLOCATION INSTRUCTIONS AND RESOLUTIONS OF THE METROPOLITAN TRANSPORTATION COMMISSION**

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To the Board of Directors  
Marin County Transit District  
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 Marin County Transit District, a component unit of the County of Marin, California (the District), as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 28, 2018.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting 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 financial reporting 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

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Additionally, we performed tests to determine that allocations made and expenditures paid by the District were made in accordance with the allocation instructions and resolutions of the Metropolitan Transportation Commission and in conformance with the California Transportation Development Act. Specifically, we performed each of the specific tasks identified in the California Code of Regulations Sections 6666 and 6667 that are applicable to the District. Also as part of our audit, we performed tests of compliance to determine whether certain state funds were received and expended in accordance with the applicable bond act and state accounting requirements. In connection with our audit, nothing came to our attention that caused us to believe the District failed to comply with the statutes, rules, and regulations of the California Transportation Development Act or the allocation instructions and resolutions of the Metropolitan Transportation Commission. 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.

## Purpose of this Report

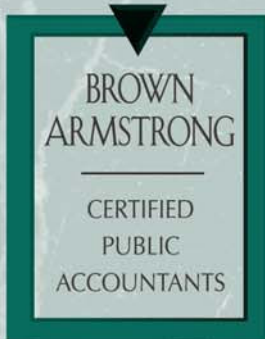
The purpose of this report is solely to describe the scope of our testing of the District's internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. Accordingly, this report is not suitable for any other purpose.

The report is intended for the information of management, the Board of Directors, the State Controller's Office, the U.S. Department of Transportation, and officials of applicable grantor agencies. However, this report is a matter of public record and its distribution is not limited.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
November 28, 2018



# BROWN ARMSTRONG

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Marin County Transit District  
San Rafael, California

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### **Report on Compliance for Each Major Federal Program**

We have audited the Marin County Transit District's, a component unit of the County of Marin, California (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District'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 District's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the District 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 fiscal year ended June 30, 2018.

## Report on Internal Control Over Compliance

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

### Purpose of Report

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

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
November 28, 2018

**MARIN COUNTY TRANSIT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

Financial Statements

- |   |            |
|---|------------|
| 1. Type of auditor's report issued  | Unmodified |
| 2. Internal controls over financial reporting:  | No         |
| a. Material weakness identified   | No         |
| b. Significant deficiencies identified not to be considered material weaknesses?                    | No         |
| 3. Noncompliance material to financial statements under <i>Government Auditing Standards</i> noted? | No         |

Federal Awards

- |   |            |
|---|------------|
| 1. Internal control over major programs:  |            |
| a. Material weaknesses identified?  | No         |
| b. Significant deficiencies identified not to be considered material weaknesses?  | No         |
| 2. Type of auditor's report issued on compliance for major programs:  | Unmodified |
| 3. Any audit findings disclosed that were are required to be reported in accordance with Circular 2 CFR Section 200.516(a)? | No         |

4. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.500 and 20.507	U.S Department of Transportation, Federal Transit Administration Federal Transit Cluster: Federal Transit Capital Investment Grants, 20.500, Federal Transit Formula Grants, 20.507

- |   |           |
|---|-----------|
| 5. Dollar Threshold used to distinguish between Type A and Type B Programs? | \$750,000 |
| 6. Auditee qualified as a low-risk auditee under 2 CFR Section 200.516(a)   | Yes       |

**MARIN COUNTY TRANSIT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**B. CURRENT YEAR FINDINGS – FINANCIAL STATEMENTS**

None.

**C. CURRENT YEAR FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS PROGRAMS**

None.

**D. PRIOR YEAR FINDINGS – FINANCIAL STATEMENTS**

None

**E. PRIOR YEAR FINDINGS AND QUESTIONED COSTS – FEDERAL AWARD PROGRAMS**

None.



**MARIN COUNTY TRANSIT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-through Grantor, if Applicable/ Program Title/Grant or Pass-through Number	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
<b>U.S. Department of the Interior, National Park Service</b>			
National Resource Stewardship - Direct Program (Muir Woods Shuttle)	15.954	P12AC10481	\$ 268,897
National Park Service Conservation, Protection, Outreach, and Education - Direct Program (Marin Headlands)	15.954	P12AC10481	<u>72,889</u>
Total U.S. Department of the Interior Direct Programs			<u>341,786</u>
<b>U.S. Department of Transportation, Federal Transit Administration</b>			
Federal Transit Cluster - 20.500 and 20.507 Passed-through Golden Gate Bridge, Highway and Transportation District Federal Transit Capital Investment Grants (State of Good Repair Bus Stop Improvement)			
	20.500	CA-04-0187	86,702
Federal Transit Formula Grants - Direct Program			
(5307 - Equipment)	20.507	CA-90-Z190-02	46,163
(5307 - Equipment)	20.507	CA-2016-055	78,448
(5307 - Emergency Radio System)	20.507	CA-2016-055	36,207
(5307 - Hybrid Vehicles)	20.507	CA-2016-055	6,136,423
(5307 - Electric Vehicles)	20.507	CA-2016-055	8,292
(5307 - Maintenance Facility)	20.507	CA-2017-041	69,699
(5307 - Americans with Disabilities Act - Set-Aside)	20.507	CA-2017-069	701,236
(5307 - Paratransit Vehicles)	20.507	CA-2017-069	818
(5307 - Accessible Vans)	20.507	CA-2017-069	84,280
(5307 - Non-Revenue Vehicle)	20.507	CA-2017-069	1,000
(5307 - Lifeline Route)	20.507	CA-2017-069	<u>222,210</u>
Total Federal Transit Formula Grants			<u>7,384,776</u>
Total Federal Transit Cluster - 20.500 and 20.507			<u>7,471,478</u>
Passed-through California State Transportation Agency, Department of Transportation			
Formula Grants for Rural Areas			
(5311 - Stagecoach Rural Operating Service)	20.509	64BO17-00527	207,225
(5311 - CalACT Scholarship Program)	20.509	N/A	<u>1,168</u>
Total Formula Grants for Rural Areas			<u>208,393</u>
Total Passed-through California State Transportation Agency, Department of Transportation			<u>208,393</u>

The accompanying notes to the schedule of expenditures of  
federal awards are an integral part of this schedule.

**MARIN COUNTY TRANSIT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-through Grantor, if Applicable/ Program Title/Grant or Pass-through Number	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
Passed-through the Metropolitan Transportation Commission			
Metropolitan Transportation Planning (Short Range Transit Plan)	20.505	N/A	20,000
Job Access Reverse Commute Program (Mobility Management Technology)	20.516	CA-37-X164-00	<u>178,706</u>
Total Passed-through the Metropolitan Transportation Commission			<u>198,706</u>
Paul S. Sarbanes Transit in the Parks - Direct Program (Muir Woods Vehicle/Infrastructure)	20.520	CA-57X013-00	<u>330,181</u>
Total U.S. Department of Transportation, Federal Transit Administration			<u>8,208,758</u>
<b>TOTAL FEDERAL AWARDS</b>			<b><u>\$ 8,550,544</u></b>

The accompanying notes to the schedule of expenditures of  
federal awards are an integral part of this schedule.



**MARIN COUNTY TRANSIT DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Marin County Transit District under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the District's operations, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenses reported on the Schedule are reported on the accrual basis of accounting. Such expenses are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, wherein certain types of expenses are not allowable or are limited as to reimbursement.

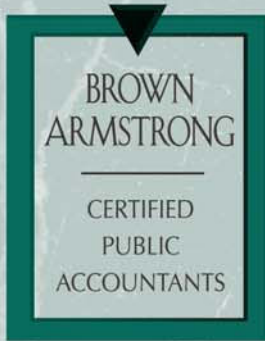
**NOTE 3 – INDIRECT COST ALLOCATION PLAN**

The District has an indirect cost allocation plan (ICAP) approved by the United States Department of Transportation, Federal Transit Administration (FTA) that is charged to programs where allowed under the related agreements. The ICAP during the fiscal year ended June 30, 2018 included an ICAP rate of 21.20% and a fringe benefit rate of 56.04% of total direct salaries and wages.

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4 – SUBRECIPIENTS**

There were no subrecipients of the District's programs during the fiscal year ended June 30, 2018.



# BROWN ARMSTRONG

*Certified Public Accountants*

To the Board of Directors  
Marin County Transit District  
San Rafael, California

We have audited the financial statements of Marin County Transit District (the District) for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 23, 2018. Professional standards also require that we communicate to you the following information related to our audit.

## **Significant Audit Matters**

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District 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 estimate affecting the District's financial statements was:

Management's estimate of the useful lives of capital assets for purposes of calculating annual depreciation expense. Estimated useful lives range from two to thirty years. We evaluated the key factors and assumptions used to develop the estimates of the useful lives of assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of capital assets as described above.

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

### *Difficulties Encountered in Performing the Audit*

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

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### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No such misstatements occurred during the course of 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 auditor's 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 November 28, 2018.

### *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 District's financial statements or a determination of the type of auditor's 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 District'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**

We applied certain limited procedures to Management's Discussion and Analysis, which are is required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Expenditures of Federal Awards, Statement of Fiduciary Net Position – Retirement Plan, Statement of Changes in Fiduciary Net Position – Retirement Plan, Budgetary Comparison Schedule – Operations, Budgetary Comparison Schedule – Capital, and Budgetary Comparison Schedule – Reconciliation to Statements of Revenues, Expenses and Changes in Net Position, which accompany the financial statements but are not RSI. With respect to this supplementary information, 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.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Restriction on Use**

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

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
November 28, 2018