



**marin transit**

711 grand ave, #110  
san rafael, ca 94901

ph: 415.226.0855  
fax: 415.226.0856  
[marintransit.org](http://marintransit.org)



November 18, 2013

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

**SUBJECT: Audited Financial Statements for Fiscal Year 2012/13**

Dear Board Members:

**board of directors**

barbara heller  
president  
city of san rafael

judy arnold  
vice president  
supervisor district 5

kathrin sears  
2nd vice president  
supervisor district 3

susan l. adams  
director  
supervisor district 1

madeline kellner  
director  
city of novato

steve kinsey  
director  
supervisor district 4

katie rice  
director  
supervisor district 2

**RECOMMENDATION:** Accept report.

**SUMMARY:**

Richardson & Company has completed the attached annual financial audit of the Marin County Transit District for Fiscal Year 2012/13. The audit report includes the results of a detailed *single* audit as required when the expenditure of federal funds exceeds \$500,000 in a fiscal year. The auditor presented the attached report to the financial sub-committee of the Board for review on November 4, 2013. With acceptance of this report, the District will be up-to-date with all independent audits and will submit the required federal single audit well within the required nine-month deadline.

The Financial Statements with Reports of Independent Auditors for the year ending June 30, 2013 includes a management discussion and analysis that provides an overview of the District's financial activities, basic financial statements, and supplemental information.

Highlights from the attached statements include:

- Marin Transit's total net position as of June 30, 2013 was \$13,450,000, which includes \$6,114,000 in capital assets (primarily vehicles and related equipment);
- Unrestricted net position increased to \$7.3 million, and reserve level remains consistent with the Board adopted reserve policy and is the equivalent of more than three months operating expenses;
- The District's increase in unrestricted net position is due to increased Federal and State grant revenue, along with

reduced revenue hour service rates with the District's contract service operators;

- Marin Transit expended \$2.5 million in federal funds for bus stop improvements, Rural Operations, Muir Woods Shuttle vehicles, Muir Woods Shuttle Operations, Mobility Management initiatives, Americans with Disabilities Act (ADA) mandated service, planning projects, and American Recovery and Reinvestment Act (ARRA) funded equipment.

**Financial Audit Year End June 30, 2013**

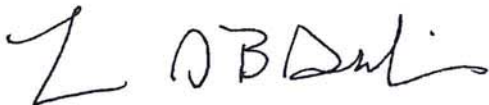
The District's financial statements were audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The audit team found no deficiencies in internal control over financial reporting or on compliance that they considered to be material weaknesses.

**Federal Single Audit**

The auditor found the District complied in all material respects with the requirements applicable to its major federal programs for the year ending June 30, 2013. The auditor 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,



Lauren Gradia  
Director of Finance and Capital Programs

Attachment

Richardson & Company



550 Howe Avenue, Suite 210  
Sacramento, California 95825

Telephone: (916) 564-8727  
FAX: (916) 564-8728

November 4, 2013

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

We have audited the financial statements of the Marin County Transit District (the District) for the year ended June 30, 2013, and have issued our report thereon dated November 4, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in the engagement letter dated April 30, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note A to the financial statements. In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These Statements provide financial reporting guidance for deferred outflows and inflows of resources, which Concepts Statement No. 4 introduced, and defined those elements as consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. This Statement amends the net assets reporting requirements of Statement No. 34 by incorporating deferred inflows and outflows into the definitions of the required components of residual measure and by renaming that measure as net position, rather than net assets. Net assets were renamed "net position" and deferred revenue was renamed "unearned revenues" due to the implementation of these Statements. The application of existing policies was not changed during the year. We noted no transaction 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 significant estimate identified was the accrual of the contract transit services expenses due to Golden Gate Bridge Highway and Transit District because there is a dispute as to the amount of the payable due as described in Note H to the financial statements. The dispute is related to the definition of service hours that may be billed under the contract. We considered the position taken by management that revenue service hours were billed in excess of the amount due

under the contract and found the position to be appropriate considering the fact that the position is consistent with the position taken by other agencies.

Accounting estimates are used in determining the grant receivables recognized, depreciable lives and methods used for capital assets, the amount of compensated absences and the amount of accrued liabilities recorded. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events.

Some disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are the commitments and contingencies and related parties footnotes.

The financial statements 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.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. There were six audit adjustments posted during the audit. The adjustments represented reclassifications for reporting purposes.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as 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 4, 2013.

#### *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*

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

\* \* \* \* \*

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

*Richardson & Company*

November 4, 2013

**MARIN COUNTY TRANSIT DISTRICT**

Audited Financial Statements,  
Supplementary Information and Compliance Reports

June 30, 2013

MARIN COUNTY TRANSIT DISTRICT

Audited Financial Statements,  
Supplementary Information and Compliance Reports

June 30, 2013

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# Richardson & Company

550 Howe Avenue, Suite 210  
Sacramento, California 95825

Telephone: (916) 564-8727  
FAX: (916) 564-8728

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
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 (the District), which comprise the balance sheet as of June 30, 2013, and the related statement of revenues, expenses, changes in net position, and cash flows for the year then ended and the related notes to the financial statements.

### **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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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



To the Board of Directors  
Marin County Transit District

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2013 and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

### **Other Matters**

The financial statements of the District as of June 30, 2012, were audited by other auditors whose report dated November 6, 2012, expressed an unmodified opinion on those statements.

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

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary information and schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as listed in the table of contents, 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 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 supplementary information, as listed in the table of contents, 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 it.

To the Board of Directors  
Marin County Transit District

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2013 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 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.

*Richardson & Company*

November 4, 2013

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

The Management's Discussion and Analysis provides an overview of the District's financial activities for the fiscal year ended June 30, 2013. Please read it along with the District's financial statements, which begin on page 10.

### **FINANCIAL HIGHLIGHTS**

The District's total net position as of June 30, 2013, was \$13,450,000 which is an increase of \$4,065,000 over the prior year's balance. This amount is comprised of \$6,114,000 net investment in capital assets and unrestricted net assets of \$7,341,000.

The District was awarded \$9,912,000 from the Transportation Authority of Marin as a part of the voter approved Measure A sales tax.

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

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise two components: (1) government-wide financial statements and (2) notes to the financial statements. This report also contains supplementary information in addition to the basic 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 sheet presents 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.

Marin County Transit 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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

In general, the District's financial condition improved during the year ended June 30, 2013, as evidenced by the increase in net position listed below.

Changes in the District's net position were as follows:

	<u>2013</u>	<u>2012</u>	<u>Increase Decrease</u>
Cash	\$ 1,110,007	\$ 2,439,083	\$ (1,329,076)
Prepaid expenses	87,826	250,000	(162,174)
Receivables	7,488,809	3,908,149	3,580,660
Capital assets	<u>6,113,707</u>	<u>3,595,152</u>	<u>2,518,555</u>
Total assets	14,800,349	10,192,384	4,607,965
Current liabilities	1,317,061	769,206	547,855
Noncurrent liabilities	<u>28,382</u>	<u>33,494</u>	<u>(5,112)</u>
Total liabilities	<u>1,345,443</u>	<u>802,700</u>	<u>542,743</u>
Net investment in capital assets	6,113,707	3,595,152	2,518,555
Unrestricted net position	<u>7,341,199</u>	<u>5,794,532</u>	<u>1,546,667</u>
Total net position	<u>\$ 13,454,906</u>	<u>\$ 9,389,684</u>	<u>\$ 4,065,222</u>

The overall financial position of the District improved as a result of increased Federal and State grant revenue, along with a newly negotiated operating contract between the District and the Golden Gate Bridge Highway & Transportation District (GGBHTD). The District's unrestricted net position continues to meet the requirements of the Board adopted reserve policy. Receivables increased in 2013 as the amounts billed to Federal and State grants at the end of the year increased compared to last year. The increase in receivable balance also contributed to the decrease in cash balance. The District's capital assets increased with the purchase of fourteen new transit vehicles in 2013.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Changes in the District's revenues were as follows:

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Transit fares	\$ 3,720,004	\$ 3,610,175	\$ 109,829
Contractual compensation	<u>1,734,847</u>	<u>1,779,524</u>	<u>(44,677)</u>
Total operating revenues	5,454,851	5,389,699	65,152
Nonoperating revenues:			
Intergovernmental	16,623,069	15,113,612	1,509,457
Property taxes	3,229,758	3,164,121	65,637
Advertising	334,864	464,309	(129,445)
Other revenues	-	2,844	(2,844)
Interest income	<u>2,575</u>	<u>6,472</u>	<u>(3,897)</u>
Total nonoperating revenues	20,190,266	18,751,358	1,438,908
Capital contributions (grants):			
Intergovernmental	<u>3,200,843</u>	<u>1,627,422</u>	<u>1,573,421</u>
Total revenues	<u>\$ 28,845,960</u>	<u>\$ 25,768,479</u>	<u>\$3,077,481</u>

Revenues were relatively stable with the exception of intergovernmental revenue. The District continues to see growth in intergovernmental revenue due to increased Measure A operating funds and increased Federal grant funding for both capital and operating projects.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Changes in the District's expenses were as follows:

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Operating expenses			
Purchased transportation services	\$ 20,517,322	\$ 21,839,008	\$ (1,321,686)
Contract Labor	1,324,074	1,399,694	(75,620)
Fuel	953,177	704,196	248,981
Depreciation	715,867	651,343	64,524
Professional services	351,732	354,714	(2,982)
Capital costs	197,002	433,892	(236,890)
General & administrative	188,549	149,544	39,005
Leases and rentals	155,728	158,971	(3,243)
Direct Labor	143,364	-	143,364
Marketing	72,424	121,743	(49,319)
Other services	70,615	70,849	(234)
Utilities	43,021	30,703	12,318
Casualty and liability costs	25,433	17,819	7,614
Maintenance costs	734	71,868	(71,134)
Total operating expenses	<u>\$ 24,759,042</u>	<u>\$ 26,004,344</u>	<u>\$ (1,245,302)</u>
Nonoperating expenses			
Loss on disposal of capital assets	<u>21,696</u>	<u>-</u>	<u>21,696</u>
Total expenses	<u>\$ 24,780,738</u>	<u>\$ 26,004,344</u>	<u>\$ (1,223,606)</u>

Purchased transportation services decreased primarily as a result of the new operating agreement with GGBHTD. The new line item for direct labor represents the District's expenses for directly hired employees, a new employment model implemented by the District mid-year. Increased direct fuel expenses are due to a combination of increased service and rising fuel costs in the region. The decrease in leases and rentals is primarily due to the change in the GGBHTD operating contract and associated capital contribution calculations.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CAPITAL ASSET ADMINISTRATION**

As of June 30, 2013, the District owned the following buses and related assets:

<u>Number of buses</u>	<u>Acquisition year</u>	<u>Type of bus</u>	<u>Approximate cost</u>
1	2002	Champion	\$ 49,000
8	2005	El Dorado Aerotech	462,000
2	2005	Braun Transporters	101,000
2	2008	Starcraft Allstar	116,000
3	2008	El Dorado Aero Elite	317,000
2	2009	Ford Aerotech	135,000
16	2009	Starcraft Starlite	820,000
2	2010	El Dorado XHF	615,000
1	2011	El Dorado Aerotech	84,000
3	2011	El Dorado XHF	1,100,000
4	2012	El Dorado Aero Elite	436,000
5	2013	El Dorado XHF	1,876,000
9	2013	El Dorado Aerotech	<u>873,000</u>
			<u>\$ 6,984,000</u>

Accumulated depreciation on the buses as of June 30, 2013 was approximately \$2,274,000.

**THE FUTURE OF THE DISTRICT**

Despite continued service improvement and ridership growth, Marin Transit had experienced successive years of declining revenue and increasing contract costs. Fortunately, the Board of Directors proactively directed staff to aggressively pursue alternative service delivery methods and contract structures to reduce the costs of services to the District.

All four of the District's service contracts were re-scoped and awarded by Marin Transit's Board, achieving both cost savings and greater operational efficiency. This includes a new Intergovernmental Agreement between the District and the Golden Gate Bridge, Highway and Transportation District (GGBHTD). A new agreement took effect the beginning of fiscal year 2013, replacing the prior 10 year agreement, which allowed the District to re-balance revenues and expenditures.

Marin Transit has the continued good fortune of receiving support from Marin County voters. A 2011 ballot initiative approved a \$10 vehicle registration fee, with 35% of revenues dedicated to the District to improve mobility management programs for seniors and persons with disabilities

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

(Measure B). These programs have proven to be the District's fastest growing, with steadily increasing utilization. This initiative is consistent with the County's previously approved one-half percent sales tax increase (Measure A) in November 2004. Both of these revenue sources continue to provide a substantial dedicated resource for Marin Transit to carry out the District's Mission.

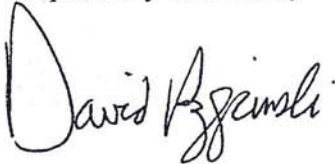
Since hiring a dedicated General Manager in 2008, Marin Transit has continued to mature as an agency and decrease its dependence on the County of Marin and GGBHTD. In 2012, the District requested that the Federal Transit Administration (FTA) make the District a direct federal grant recipient. The FTA granted the District direct recipient status, which is improving efficiency related to claiming and reporting federal funding. Additionally, the District has utilized the recent cost savings to improve operational efficiency, replenish the District's contingency reserves, and introduce new expanded service in a cost effective and productive manner.

### **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,

A handwritten signature in black ink that reads "David Rzepinski". The signature is written in a cursive style with a large, looped initial "D".

David Rzepinski  
General Manager



MARIN COUNTY TRANSIT DISTRICT

BALANCE SHEET

June 30, 2013

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,110,007
Accounts receivable:	
Transportation Authority of Marin	2,656,998
Federal grants	2,239,513
State grants	1,616,516
Golden Gate Bridge Highway and Transit District	696,440
Other receivables	279,342
Prepaid expenses	87,826
TOTAL CURRENT ASSETS	<u>8,686,642</u>

CAPITAL ASSETS

Capital assets not depreciated	701,902
Capital assets depreciated, net	5,411,805
TOTAL CAPITAL ASSETS	<u>6,113,707</u>

TOTAL ASSETS \$ 14,800,349

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$ 1,189,146
Accrued payroll and benefits	25,197
Unearned revenue	87,318
Compensated absences - current portion	15,400
TOTAL CURRENT LIABILITIES	<u>1,317,061</u>

NONCURRENT LIABILITIES

Compensated absences - noncurrent portion	28,382
TOTAL NONCURRENT LIABILITIES	<u>28,382</u>

TOTAL LIABILITIES 1,345,443

NET POSITION

Net investment in capital assets	6,113,707
Unrestricted	7,341,199
TOTAL NET POSITION	<u>13,454,906</u>

TOTAL LIABILITIES AND NET POSITION \$ 14,800,349

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

MARIN COUNTY TRANSIT DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION

For the Year Ended June 30, 2013

OPERATING REVENUES	
Transit fares	\$ 3,720,004
Contractual compensation	1,734,847
TOTAL OPERATING REVENUES	<u>5,454,851</u>
OPERATING EXPENSES	
Purchased transportation services	20,517,322
Contract Labor	1,324,074
Fuel	953,177
Depreciation	715,867
Professional services	351,732
Capital costs	197,002
General and administrative	188,549
Leases and rentals	155,728
Direct Labor	143,364
Marketing	72,424
Other services	70,615
Utilities	43,021
Casualty and liability costs	25,433
Maintenance costs	734
TOTAL OPERATING EXPENSE	<u>24,759,042</u>
OPERATING INCOME (LOSS)	(19,304,191)
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental revenue	16,623,069
Property tax revenue	3,229,758
Advertising	334,864
Loss on disposal of capital assets	(21,696)
Interest income	2,575
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>20,168,570</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	864,379
CAPITAL CONTRIBUTIONS	
Intergovernmental revenue	3,200,843
TOTAL CAPITAL CONTRIBUTIONS	<u>3,200,843</u>
CHANGE IN NET POSITION	4,065,222
Net position at beginning of year	<u>9,389,684</u>
NET POSITION AT END OF YEAR	<u>\$ 13,454,906</u>

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

MARIN COUNTY TRANSIT DISTRICT

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 3,721,207
Cash receipts from contracts	1,734,847
Cash paid for purchased transportation services	(20,282,232)
Cash paid to suppliers for goods and services	(3,017,256)
Cash paid to employees for services	(117,882)
NET CASH USED FOR OPERATING ACTIVITIES	<u>(17,961,316)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes received	3,229,758
Intergovernmental revenues received	13,922,809
NET CASH PROVIDED BY NONCAPITAL FINANCIAL ACTIVITIES	<u>17,152,567</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of capital assets	9,365
Acquisition of capital assets	(3,265,483)
Capital contribution revenues received	2,733,216
NET CASH (USED) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(522,902)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income received	2,575
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,575</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(1,329,076)
Cash and cash equivalents at beginning of year	<u>2,439,083</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 1,110,007</u></u>

(Continued)

MARIN COUNTY TRANSIT DISTRICT  
STATEMENT OF CASH FLOWS (CONTINUED)

For the Year Ended June 30, 2013

RECONCILIATION OF NET LOSS FROM OPERATIONS  
TO NET CASH USED FOR OPERATING ACTIVITIES:

Net loss from operations	\$ (19,304,191)
Adjustments to reconcile net loss from operations to net cash used for operating activities:	
Depreciation	715,867
(Increase) decrease in accounts receivable	1,203
(Increase) decrease in prepaid expenses	162,174
Increase (decrease) in accounts payable	438,149
Increase (decrease) in accrued payroll and benefits	15,194
Increase (decrease) in compensated absences	10,288
	<hr/>
NET CASH USED FOR OPERATING ACTIVITIES	<u><u>\$ (17,961,316)</u></u>

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

MARIN COUNTY TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Marin County Transit District (the District) is 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 Board of Directors 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 of Directors and may impose its will on the District. The County is reimbursed by the District for staff support the County provides to the District, which is reported in the statement of changes in net position as contract labor.

The District contracts with four 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 2006, the District made significant revisions to the contract with Golden Gate for the period May 1, 2006 through June 30, 2011. In February 2008, the contract was amended and extended through June 30, 2017. 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 contract, Golden Gate operates eleven local fixed routes and six supplemental school routes. The total cost of local bus transit service under this contract during the fiscal year ending June 30, 2013 was \$14,019,049. Related fare, revenue, advertising revenue, TDA revenue, STA revenue and other revenue earned for the year was \$8,702,882. Golden Gate is compensated for operating costs based on service hours incurred multiplied by a rate per hour specified in the contract. The contract provides for a 2.7% increase in the rate per hour annually. Golden Gate is also compensated for the District's share of capital costs, which are owned by Golden Gate. The agreement allows the District the option of assuming ownership of revenue vehicles purchased with the District's capital contribution to Golden Gate. The District does not record such vehicles as capital assets until ownership is assumed.

Under the local paratransit agreement, the District also contracts for inter-county paratransit service on behalf of Golden Gate. With the implementation of the Americans with Disabilities Act (ADA), Golden Gate was required to provide complementary inter-county paratransit services. Golden Gate contracted with the District for the District to be the primary public entity responsible for these 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 COUNTY TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Marin Senior Coordinating Council, Inc.: The District has contracted with Marin Senior Coordinating Council, Inc. (MSCC) since 2009 to provide local paratransit services. Paratransit consists of demand responsive van services for the disabled, which meets the requirements of the American with Disabilities Act and other federal provisions. Under the contract, MSCC provides the paratransit services and collects all the fare revenue and remits it to the District at designated intervals. MSCC bills the District monthly for services on an agreed-upon hourly basis. Under these agreements, MSCC provides the complementary paratransit services, and collects all fare revenue and deposits it with the District. MSCC bills the District monthly for 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.

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. 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. 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 four routes called the Community Shuttle program. Marin Airporter has operated this service since 2006, and won a competitive bid process for a new contract for the period July 1, 2009 through June 30, 2012 with up to two extensions through June 30, 2015. Fare revenue on this service is collected through the District's GFI fare box system and is deposited directly into the District's account.

Joint Ventures: The District participates in two joint ventures. One joint venture is for risk management as disclosed in Note J. The second joint venture is the Marin Emergency Radio Authority (the Authority). The Authority is responsible for acquiring, constructing, and improving and operating a countywide emergency radio system. During the 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 L. 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/contact](http://www.meraonline.org/contact).

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 Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District is accounted for as an enterprise fund and applies all applicable GASB pronouncements in its accounting and reporting. In addition, the District follows Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

MARIN COUNTY TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, liabilities and deferred inflows associated with the operation of this fund are included on the balance sheet. Net position is segregated into the investment in capital assets, amounts restricted and amounts unrestricted. Enterprise fund-type 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. Transportation Development Act (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.

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 of Marin cash and investments 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.

Prepaid Expenses: Prepaid expenses are costs paid as of the balance sheet that are related to future accounting periods. Prepaid expenses at June 30, 2013 consisted mainly of prepaid contract compensation paid to Local Government Services and prepaid software costs.

MARIN COUNTY TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: Capital assets are valued at historical cost. The District follows the County of Marin's policy in defining 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:

Buses, fare boxes and radios	5-12 years
Office equipment	8 years

Maintenance and repairs are charged to operations when incurred. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement.

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

Unearned Revenue: Unearned revenue at June 30, 2013 consisted mainly of an advance received from the County of Marin for the Redwood & Grant Project prior to qualifying expenses being incurred.

Compensated Absences: The District has two directly hired employees and contracts for employees with the County of Marin (the County) and an independent entity called Local Government Services (LGS). The District is responsible for compensated absences for directly hired employees and employees contracted with the County only. LGS retains the obligation for vacation and sick leave benefits to its employees. The District follows the County's employment policy, which allows employees to accumulate earned, but unused vacation and sick leave time. The current portion of this long-term liability is estimated based on historical trends.

Property Taxes: The County of Marin 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 April 10 and December 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 of Marin. 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 receivable on the balance sheet refers to unsecured property taxes.

Measure A: Marin County voters passed a ½ cent sales tax measure (Measure A) in 2004 to provide local funding and investment for transportation infrastructure and programs. 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 Marin 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.



MARIN COUNTY TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measure B: In 2010, Marin’s voters approved Measure B, the Vehicle Registration Fee Initiative that collects \$10 annually for each vehicle registered in Marin for the purpose of improving transportation within the County. The Measure B Expenditure Plan designates 35% of the funds generated to be used to fund senior and disabled transportation services in Marin, 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.

Net Position: Net position is categorized as the net investment in capital assets, restricted and unrestricted. The net investment in capital assets groups all capital assets into one category of net position, which is reduced by accumulated depreciation. Restrictions of net position represent amounts that are legally restricted for specific uses. Unrestricted net position represents amounts not restricted for any other project or purpose.

The District’s Board of Directors approved a reserve policy for unrestricted net position allowing for a minimum of two months and maximum of four 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.

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.

Reclassifications: Certain reclassifications have been made to the 2012 financial statements to conform to the current presentation. These reclassifications had no effect on previously reported change in net position.

NOTE B – CASH AND CASH EQUIVALENTS

The District’s cash and investments consists of bank deposits of \$43,964 and an investment in the County of Marin cash and investments pool of \$1,066,043. The District has only invested in the County of Marin cash and investments pool and bank deposits in practice, but the District does not have a formally authorized investment policy that limits the District’s allowable deposits or investments or address the specific types of risk to which the District is exposed.

Interest Rate Risk: The District has an investment in the County Treasury. 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.

MARIN COUNTY TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2013

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

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, 2013, the weighted average maturity of the investments contained in the County’s investment pool was approximately 178 days.

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 does not have a rating provided by a nationally recognized statistical rating organization.

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). All of the District’s bank accounts were fully insured by the Federal Deposit Insurance Corporation (FDIC).

NOTE C – CAPITAL ASSETS

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

	Balance at July 1, 2012	Additions	Deletions	Transfers	Balance at June 30, 2013
Nondepreciable:					
Work in progress	\$ 515,919	\$ 537,979		\$ (351,996)	\$ 701,902
Capital assets, being depreciated:					
Revenue vehicles	4,600,270	2,679,083	\$ (291,404)		6,987,949
Communication and data equipment	616,059	16,505		351,996	984,560
Fare revenue collection equipment	257,913				257,913
Furniture and fixtures	62,735	25,616			88,351
Non-revenue vehicles	-	6,300			6,300
Total capital assets being depreciated	<u>5,536,977</u>	<u>2,727,504</u>	<u>(291,404)</u>	<u>351,996</u>	<u>8,325,073</u>
Less accumulated depreciation:					
Revenue vehicles	(2,027,593)	(507,492)	260,343		(2,274,742)
Communication and data equipment	(229,710)	(138,613)			(368,323)
Fare revenue collection equipment	(153,390)	(56,369)			(209,759)
Furniture	(47,051)	(10,243)			(57,294)
Non-revenue vehicles		(3,150)			(3,150)
Total accumulated depreciation	<u>(2,457,744)</u>	<u>(715,867)</u>	<u>260,343</u>		<u>(2,913,268)</u>
Total capital assets being depreciated, net	<u>3,079,233</u>	<u>2,011,637</u>	<u>(31,061)</u>	<u>351,996</u>	<u>5,411,805</u>
Capital assets, net	<u>\$ 3,595,152</u>	<u>\$ 2,549,616</u>	<u>\$ (31,061)</u>	<u>\$ -</u>	<u>\$ 6,113,707</u>

MARIN COUNTY TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2013

NOTE D – COMPENSATED ABSENCES

Compensated absences activity was as follows for the year ended June 30:

	Balance at July 1, 2012	Additions	Repayments	Balance at June 30, 2013	Due within One Year
Compensated absences	\$ 33,494	\$ 22,069	\$ (11,781)	\$ 43,782	\$ 15,400
	<u>\$ 33,494</u>	<u>\$ 22,069</u>	<u>\$ (11,781)</u>	<u>\$ 43,782</u>	<u>\$ 15,400</u>

NOTE E – INTERGOVERNMENTAL REVENUE

The following is the detail of intergovernmental revenues at June 30, 2013:

	Non-operating	Capital	Total
Federal revenue:			
Federal Transit Administration:			
Section 5304 (Planning grants)	\$ 100,372		\$ 100,372
Section 5307 (American Disabilities Act Set-Aside)	673,378		673,378
Section 5307 (American Recovery and Reinvestment Act Technology)		\$ 39,684	39,684
Section 5309 (State of Good Repair)		104,731	104,731
Section 5311 (Stagecoach operating)	265,119		265,119
Section 5311 (Rural Transportation Assistance Program scholarships)	2,317		2,317
Section 5317 (New Freedom Cycle 4 Funding)	29,024		29,024
Section 5320 (Paul Sarbanes)		1,154,847	1,154,847
United States Department of the Interior - National Parks Service	126,276		126,276
Total federal revenue	<u>1,196,486</u>	<u>1,299,262</u>	<u>2,495,748</u>
State revenue:			
Transportation Development Act	3,591,333		3,591,333
State Transit Assistance			
Operating	1,159,696		1,159,696
Lifeline	361,602		361,602
Paratransit	81,456		81,456
Home Owner Property Tax Relief	19,661		19,661
Caltrans	232		232
Public Transportation Modernization, Improvement and Service Enhancement Account		1,442,136	1,442,136
State Transportation Improvement Program		194,357	194,357
Total state revenue	<u>5,213,980</u>	<u>1,636,493</u>	<u>6,850,473</u>

MARIN COUNTY TRANSIT DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2013

NOTE E – INTERGOVERNMENTAL REVENUE (Continued)

	<u>Non-operating</u>	<u>Capital</u>	<u>Total</u>
Local revenue:			
Measure A			
Strategy 1.1 (Local)	\$ 6,811,502		\$ 6,811,502
Strategy 1.2 (Rural)	554,086		554,086
Strategy 1.3 (Special)	1,875,095		1,875,095
Strategy 1.4 (Capital)	431,229	\$ 240,432	671,661
Measure B	534,025		534,025
Metropolitan Transportation Commission	6,666		6,666
Miscellaneous		24,656	24,656
Total local revenue	<u>10,212,603</u>	<u>265,088</u>	<u>10,477,691</u>
Total intergovernmental revenue	<u>\$ 16,623,069</u>	<u>\$ 3,200,843</u>	<u>\$ 19,823,912</u>

NOTE F – 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. The lease contains one three-year option to renew at market rates, with minimum rent no less than the rent at the end of the original term. As of June 30, 2013, future minimum lease payments under the operating lease are as follows:

Fiscal Year <u>Ending June 30:</u>	
2014	\$ 90,255
2015	92,417
2016	<u>23,239</u>
Total minimum lease commitments	<u>\$ 205,911</u>

Lease expense for the year ended June 30, 2013 totaled \$93,541.

NOTE G – RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS

The District provides a Simplified Employee Pension Plan (SEP Plan) and Section 457 deferred compensation plan (Section 457 Plan) to its directly hired employees. The District contributed 10% of each employee's salary to the SEP Plan during the year ended June 30, 2013, which amounted to \$10,772, but made no contributions to the Section 457 Plan. In August 2013, the District's Board of Directors approved a Section 401(a) defined contribution plan, to which the District may contribute 10-15% of each employee's salary. The Section 401(a) Plan will replace the SEP Plan. The District does not currently provide other postemployment benefits (OPEB) to directly hired employees.

The District also contracts with the County and an independent entity called Local Government Services (LGS) for staffing. Pension and OPEB benefits are available to County and LGS employees used by the District under the contract. The County is paid bi-weekly for services provided by County employees to

MARIN COUNTY TRANSIT DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2013

NOTE G – RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

the District, including pension and OPEB contributions to County pension and OPEB plans for those 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, no County employee retirement or OPEB benefits have been paid at separation by the District in the past. As a result, the District does not accrue a liability for any unfunded retirement or OPEB benefits for County employees used by the District. The contract with LGS states that LGS is responsible for retirement and OPEB benefits for its employees used by the District.

NOTE H – COMMITMENTS AND CONTINGENCIES

Commitments: The District had the following contract commitments as of June 30, 2013:

Contractor	Purpose	Amount
Golden Gate Bridge Highway and Transportation District	Local fixed route service	\$ 35,665,368
Marin Airporter	Shuttle	8,406,400
Whistlestop	Paratransit service	5,279,930
MV Transportation, Inc.	Rural and seasonal transit service	4,538,066
Ghilotti Bros, Inc.	South Novato bus stop improvements project	624,374
Local Government Services Authority	Salaries and benefits	296,510
Kimley Horn & Associates, Inc.	Bus stop improvements	273,294
Mark Thomas & Company, Inc.	Redesign of the downtown Novato transit center	270,500
Corporate Logistics Efficiency Group	Catch-a-ride program	144,394
Whistlestop	Volunteer driver program	111,600
		<u>\$ 55,610,436</u>

Contingencies: The District receives grants from federal and state agencies that are subject to grant compliance audits by the awarding agency. No such audits occurred during the 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 would be identified by the awarding agencies during any such audits in the future.

The Golden Gate Bridge Highway and Transportation District (Golden Gate) changed its interpretation of the “revenue hours” that may be billed to the District under the contract for transit services to include certain hours that the District does not believe are eligible under the definition in the contract. The District and its legal counsel believe the excess amount billed by Golden Gate of \$593,024 will not ultimately be paid and the District has not accrued a liability for this amount. However, the ultimate resolution of this issue is not assured.

The International Association of Machinists and Aerospace Workers (“IAM”) have asserted that certain collective bargaining rights have not be honored by the District and its contractor, Golden Gate. The parties to the potential claim are currently sharing information and it is currently not clear whether any claim will be filed.

MARIN COUNTY TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2013

NOTE I – 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 of 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, 2013, the District applied for and was awarded \$4,299,999 from the State’s PTMISEA account for the projects listed in the tables below. The tables below disclose the amounts expended, received and unexpended for each approved project as of June 30, 2013:

<u>Project Name</u>	<u>Grant Amount</u>	<u>Received through June 30, 2013</u>	<u>Expended Through June 30, 2013</u>	<u>Unexpended at June 30, 2013</u>
Local bus stop revitalization	\$ 400,000		\$ 26,672	\$ 373,328
Bus stop improvements	985,000			985,000
Purchase fourteen buses	1,157,651			1,157,651
Purchase eight shuttles	681,000		681,000	
Purchase one bus	365,000		365,000	
Purchase one shuttle	102,716		102,716	
Purchase two buses	608,632	\$ 608,632	608,632	
	<u>\$ 4,299,999</u>	<u>\$ 608,632</u>	<u>\$ 1,784,020</u>	<u>\$ 2,515,979</u>

NOTE J – 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, and errors and omissions, and natural disaster. 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 at June 30, 2013. 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.

MARIN COUNTY TRANSIT DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2013

NOTE J – RISK MANAGEMENT (Continued)

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 K – FARE REVENUE RATIO

Transit operators are required to maintain a fare revenue to operating expenses ratio in order to be eligible for Transportation Development Act (TDA) funding. The fare revenue ratio for the District’s services funded with TDA revenues is calculated on a consolidated basis with the Golden Gate Bridge Highway and Transit District (Golden Gate) since the District’s TDA allocation is received through Golden Gate.

NOTE L – RELATED PARTY TRANSACTIONS

The District’s Board of Directors include members of the governing bodies of the County of Marin (the County) and City of San Rafael (the City). The District has various transactions with the County, City and other agencies that have City and County governing body representatives on their governing bodies.

Receivables from Golden Gate Bridge and Highway District (Golden Gate) and Transportation Authority of Marin (TAM) are listed on the face of the balance sheet. Unearned revenues reported on the face of the balance sheet were received from the County for the Redwood & Grant Project. 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.

The following table represents revenues, expenses and accounts payable to related agencies not separately reported in the balance sheet, statement of revenues, expenses and changes in net position or Note E:

Revenues from related parties:	
Golden Gate Bridge Highway and Transit District:	
Fares	\$ 2,928,849
Paratransit contribution	688,139
Advertising	271,785
Other revenues	<u>63,080</u>
 Total revenues to related parties not separately reported	 <u><u>\$ 3,951,853</u></u>

MARIN COUNTY TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2013

NOTE L – RELATED PARTY TRANSACTIONS (Continued)

Expenses to related parties:	
Golden Gate Bridge Highway and Transit District - transit contract	\$ 14,065,440
County of Marin - fuel	752,113
County of Marin - contract labor and benefits	534,691
County of Marin - other expenses	86,279
Transportation Authority of Marin - rent and office expenses	76,227
Marin Emergency Radio Authority - emergency radio system payments	43,158
City of San Rafael - ADA- DOJ curb ramps project	<u>23,965</u>
 Total expenses to related parties	 <u>\$ 15,581,873</u>
Accounts payable to related parties:	
Golden Gate Bridge Highway and Transit District - transit contract	\$ 482,510
County of Marin	<u>1,444</u>
 Total accounts payable to related parties	 <u>\$ 483,954</u>



SUPPLEMENTARY INFORMATION

MARIN COUNTY TRANSIT DISTRICT  
BUDGETARY COMPARISON SCHEDULE – OPERATIONS

For the Year Ended June 30, 2013

	Original Budget	Revised Budget	Actual	Variance Over (Under)
<b>REVENUES</b>				
Fares	\$ 3,690,651	\$ 3,690,651	\$ 3,720,004	\$ 29,353
Advertising and other revenues	444,183	444,183	334,864	(109,319)
Fees for service	1,740,583	1,740,583	1,776,389	35,806
Interest	6,000	6,000	2,575	(3,425)
Measure A	10,321,194	10,348,629	9,240,683	(1,107,946)
Measure B	707,000	755,600	534,025	(221,575)
Property taxes	3,168,485	3,168,485	3,190,322	21,837
Redevelopment area (RDA) fees	12,185	12,185	39,437	27,252
State Transit Assistance (STA)	1,844,540	1,844,540	1,602,754	(241,786)
Transit Development Act (TDA)	3,036,615	3,036,615	3,591,333	554,718
Other state revenue	20,124	20,124	19,893	(231)
FTA funds	439,899	439,899	1,070,210	630,311
National Park Service grant	150,000	150,000	126,276	(23,724)
Cost center transfers	(68,213)	(68,213)	(82,301)	(14,088)
Total revenues	<u>25,513,246</u>	<u>25,589,281</u>	<u>25,166,464</u>	<u>(422,817)</u>
<b>EXPENDITURES</b>				
Salaries and benefits	1,722,349	1,722,349	1,566,667	(155,682)
Consultant services	457,228	457,228	357,317	(99,911)
Indirect county overhead	50,000	50,000	36,888	(13,112)
Mobility management support	64,000	64,000	20,359	(43,641)
Communication	77,019	77,019	61,345	(15,674)
Directly purchased fuel	852,591	879,941	953,177	73,236
Office supplies and materials	127,048	122,048	92,225	(29,823)
General insurance	25,500	25,500	25,433	(67)
Contract service operation	23,005,662	23,312,497	20,496,961	(2,815,536)
Memberships & professional development	21,115	21,115	24,087	2,972
Mileage and travel	18,400	18,400	13,524	(4,876)
Marketing materials	206,787	206,787	71,972	(134,815)
Miscellaneous services	25,000	25,000	27,249	2,249
Building and plant	137,655	120,655	110,847	(9,808)
Transfer of administrative expense to capital	(377,273)	(377,273)	(238,256)	139,017
Total expenditures	<u>26,413,081</u>	<u>26,725,266</u>	<u>23,619,795</u>	<u>(3,105,471)</u>
Excess of revenues over (under) expenditures	<u>\$ (899,835)</u>	<u>\$ (1,135,985)</u>	<u>\$ 1,546,669</u>	<u>\$ 2,682,654</u>

MARIN COUNTY TRANSIT DISTRICT

BUDGETARY COMPARISON SCHEDULE – CAPITAL PROGRAM

For the Year Ended June 30, 2013

	Original Budget	Revised Budget	Actual	Variance Over (Under)
<b>REVENUES</b>				
Fee for Service	\$ 8,953	\$ 8,953	\$ (17,886)	\$ (26,839)
Property tax transfer	68,213	68,213	82,301	14,088
Other miscellaneous revenue	200,000	200,000	7,666	(192,334)
Measure A	1,314,494	1,455,778	671,661	(784,117)
Other local / sale of assets			9,364	9,364
PTMISEA	1,168,430	1,637,834	1,442,136	(195,698)
STIP	1,823,000	1,823,000	194,357	(1,628,643)
Section 5316 - JARC	300,000	300,000		(300,000)
Section 5307 urban	195,621	195,621		(195,621)
Section 5307 ARRA			39,684	39,684
Section 5320	1,100,000	1,100,000	1,154,847	54,847
State of Good Repair (5309)	860,000	860,000	104,731	(755,269)
Total revenues	<u>7,038,711</u>	<u>7,649,399</u>	<u>3,688,861</u>	<u>(3,960,538)</u>
<b>EXPENDITURES</b>				
Professional services			980	980
Miscellaneous expenditures			2,092	2,092
Non revenue vehicles			6,300	6,300
Revenue vehicles	2,454,708	3,065,396	2,679,082	(386,314)
Lease of vehicles for Muir Woods	50,000	65,000	62,187	(2,813)
Capital contribution to Golden				
Gate Transit	431,736	431,736	184,391	(247,345)
Communications and data	375,000	385,000	373,761	(11,239)
Admin building		32,000	25,616	(6,384)
Bus stop maintenance	100,000	100,000	6,948	(93,052)
Bus stop improvements & passenger info	3,198,000	3,198,000	696,642	(2,501,358)
Technology projects	14,000	14,000	11,004	(2,996)
Fareboxes	30,000	30,000	666	(29,334)
Mobile data terminals	14,724	14,724	1,966	(12,758)
Marin Emergency Radio Authority	25,770	25,770	25,044	(726)
Infrastructure support	20,000	20,000	29,940	9,940
Small furniture/equipment/signs	32,500	32,500	3,782	(28,718)
Assets under construction			(515,918)	(515,918)
Cost center transfer of overhead	(11,790)	(11,790)	23,516	35,306
Cost center transfer of salary/benefits	304,063	304,063	70,862	(233,201)
Total expenditures	<u>7,038,711</u>	<u>7,706,399</u>	<u>3,688,861</u>	<u>(4,017,538)</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (57,000)</u>	<u>\$ -</u>	<u>\$ 57,000</u>

MARIN COUNTY TRANSIT DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
RECONCILIATION TO STATEMENT OF REVENUES  
AND EXPENSES AND CHANGES IN FUND NET POSITION

For the Year Ended June 30, 2013

Excess of revenues over (under) expenditures - budgetary basis (operations)	\$ 1,546,669
Excess of revenues over (under) expenditures - budgetary basis (capital program)	-
Capital asset additions	2,974,077
Depreciation expense not included in budget	<u>(455,524)</u>
Increase (decrease) in net assets	<u>\$ 4,065,222</u>

## COMPLIANCE REPORTS

# Richardson & Company

550 Howe Avenue, Suite 210  
Sacramento, California 95825

Telephone: (916) 564-8727  
FAX: (916) 564-8728

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND THE PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMMENT AND SERVICES ENHANCEMENT ACCOUNT (PTMISEA) GUIDELINES

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 (the District), as of and for the year ended June 30, 2013, 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 4, 2013.

### **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.

To the Board of Directors  
Marin County Transit District

**Compliance and Other Matters (including PTMISEA)**

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. We also tested the receipt and appropriate expenditures of bond funds, as presented in Notes I to the financial statements, in accordance with the PTMISEA statutes and guidelines. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the PTMISEA.

**Purpose of this Report**

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

*Richardson & Company*

November 4, 2013

# Richardson & Company

550 Howe Avenue, Suite 210  
Sacramento, California 95825

Telephone: (916) 564-8727  
FAX: (916) 564-8728

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

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

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

We have audited the Marin County Transit District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for year ended June 30, 2013. 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 the requirements of laws, regulations, contracts, and grant applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 year ended June 30, 2013.



To the Board of Directors  
Marin County Transit District

### **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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.

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

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

We have audited the financial statements of the District as of and for the year ended June 30, 2013, and have issued our report thereon dated November 4, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

To the Board of Directors  
Marin County Transit District

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

*Richardson & Company*

November 4, 2013

MARIN COUNTY TRANSIT DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended June 30, 2013

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

Financial Statements

- |  |               |
|--|---------------|
| 1. Type of auditor's report issued:  | Unqualified   |
| 2. Internal controls over financial reporting:                                   |               |
| a. Material weaknesses identified  | No            |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted?                         | No            |

Federal Awards

- |   |             |
|---|-------------|
| 1. Internal control over major programs:  |             |
| a. Material weaknesses identified?  | No          |
| b. Significant deficiencies identified not considered to be material weaknesses?  | No          |
| 2. Type of auditor's report issued on compliance for major programs:  | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | No          |

4. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.500 and 20.507	Federal Transit Cluster: Federal Transit Capital Investment Grants, 20.500, and Federal Transit Formula Grants, 20.507
20.520	Paul S. Sarbanes Transit In the Parks

- |   |            |
|---|------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs?       | \$ 300,000 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | Yes        |

MARIN COUNTY TRANSIT DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

For the Year Ended June 30, 2013

**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 Awards Programs**

None

MARIN COUNTY TRANSIT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2013

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</b>			
Rivers, Trails and Conservation Assistance - Direct Program (Muir Woods Shuttle)	15.944	NP12PC10481	\$ 126,276
<b>U. S. Department of Transportation, Federal Transit Administration</b>			
Passed-through Golden Gate Bridge, Highway and Transportation District Federal Transit Capital Investment Grants (State of Good Repair Bus Stop Improvements)	20.500	CA-34-0187	104,731
Federal Transit Formula Grants - ARRA (Mobile data terminals, automated vehicle location system and data management system)	20.507	CA-96-X028-01	<u>39,684</u>
Total Passed-through Golden Gate Bridge, Highway and Transportation District			144,415
Federal Transit Formula Grants - Direct Program (ADA Set-Aside)	20.507	CA-90-7068-00	<u>673,378</u>
Total Federal Transit Cluster - 20.500 and 20.507			817,793
Formula Grants for Other Than Urbanized Areas - Direct Program (Rural Operating Service)	20.509	642146	265,119
Passed-through the California Association for Coordinated Transportation Formula Grants for Other Than Urbanized Areas (CalACT Scholarship Program)	20.509		2,317
Passed-through the California State Department of Transportation State Planning and Research (Intern)	20.515	None	12,412
(County-wide Market Assessment)	20.515	None	<u>87,960</u>
Total Passed-through the California State Department of Transportation			100,372
Paul S. Sarbanes Transit in the Parks - Direct Program (Muir Woods Vehicle Purchase)	20.520	CA-20-X013-00	1,154,847
Passed-through the Metropolitan Transportation Commission New Freedom Program (County-wide Transportation Guide)	20.521	None	<u>29,024</u>
Total U.S. Department of Transportation, Federal Transit Administration			<u>2,369,472</u>
<b>TOTAL FEDERAL AWARDS</b>			<u><u>\$ 2,495,748</u></u>

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

MARIN COUNTY TRANSIT DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2013

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Marin County Transit District is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.