

Marin County Transit District Year End FY2013/14 Financial Report

Summary

Steady economic recovery over the past two years has improved Marin transit's financial outlook and helped fund measured service growth. An important achievement in FY 2013/14 was fully funding the District's reserves at the Board adopted levels while enhancing service.

Between July 1, 2013 and June 30, 2014 (Fiscal Year 2013/14), the expenditures for the District's Operations and Capital Programs were \$28,112,527 (table 1). Compared to the prior year, Operation costs increased by 8%, the District provided 8% more fixed route revenue service hours and carried 4.1% more unlinked passenger trips.

Marin Transit was able to operate four new shuttle routes with expanded service that better matches service typologies identified in the Board adopted Short Range Transit Plan. Service expansions were funded with both increased revenues and by lowered contract costs.

Table 1: Summary

	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Revised Budget	FY 2013/14 Actual
<i>Operations</i>	22,967,828	25,166,464	27,749,548	27,418,712
<i>Capital</i>	2,800,651	3,688,861	10,063,107	2,589,191
Total Revenue	\$25,768,479	\$28,855,325	\$37,812,655	\$30,007,903
<i>Operations</i>	24,549,580	23,619,796	26,482,663	25,523,336
<i>Capital</i>	2,800,649	3,688,861	10,063,107	2,589,191
Total Expenditures	\$27,350,229	\$27,308,657	36,545,770	\$28,112,527
Net Change in Fund Balance	\$(1,581,750)	\$1,546,667	\$1,266,885	\$1,895,376
<i>Emergency Reserve</i>	4,091,507	4,412,111 ¹	4,412,111	4,412,111 ¹
<i>Contingency Reserve</i>	1,702,936	2,929,089	4,195,974	4,824,465
Fund Balance (total reserve)	\$ 5,794,533	\$ 7,341,200	\$ 8,608,085	\$ 9,236,576

1. Based on two months of FY14 operations budget

Marin Transit was able to increase Marin Access mobility in programs for seniors and people with disabilities, but paratransit demand continued to exceed revenue growth. Paratransit service is vital to Marin County residents but this mandated program's continued growth of 6% per year is a significant

and ongoing financial challenge for the District. Marin Transit balanced the Marin Access budget in Fiscal Year 2013/14 with grant funding, Federal ADA set aside funding the District now receives as a direct federal grantee and property tax funds. The longer range planning to meet increased Marin Access service needs within projected resources will be a focus of the District next year.

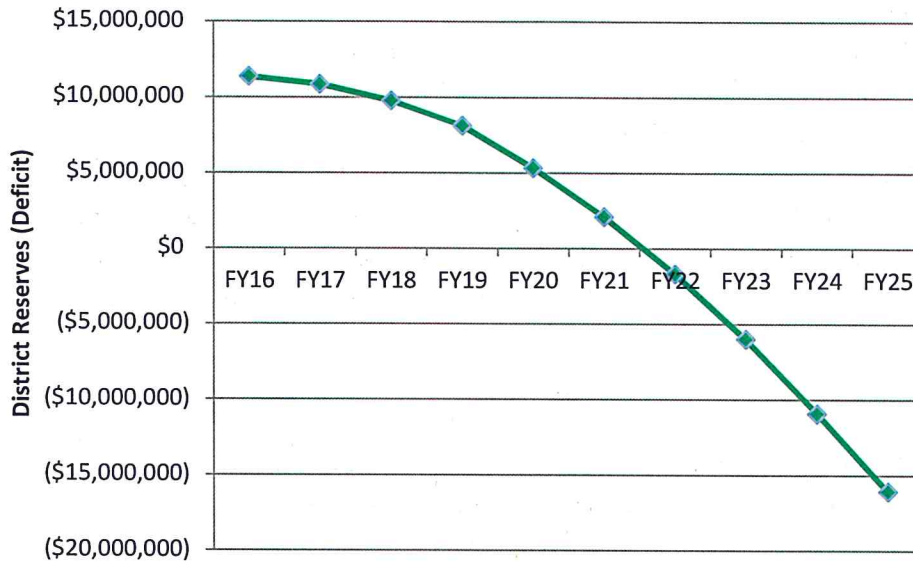
One time prior year carry forward of Measure A sales tax funds provided additional funding for local service operations and allowed the District to meet the minimum reserve level for the District for the first time since the economic downturn.

District Reserve Balance

With the close of FY2013/14 the District now just meets the Board's adopted minimum level of Contingency reserves. 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. In FY 2010/11 and FY 2011/12, Marin Transit relied on funds from the Contingency Reserve to balance the operations budget. The District was able to return funds to the Reserve in FY2012/13 and FY2013/14 to fully fund the Emergency Reserve. Marin Transit staff is currently updating the District's ten year financial projections for the Short Range Transit Plan (SRTP). Draft projections of baseline conditions¹ show a \$15 million operating deficit over the 10 year period (Figure 1). Over the ten year period, increasing demand, primarily in paratransit, combined with escalating costs, exceed projected revenue growth. Within the SRTP process, staff will bring back to the Board recommendations and adjustments to address and mitigate the projected ten year deficit.

¹ For purposes of this baseline projection, costs and revenues are assumed to grow at historical rates. Contract services rates increase at 2.7 -3% per year, fuel costs increase at 3.5% per year. Paratransit hours grow at 4% per year. Local sales tax projections and State sales tax revenues are based on the Transportation Authority of Marin projected growth of 2.5% per year. The baseline condition assumes no new actions to control costs, increase revenues or manage demand are in place.

Figure 1: Draft Marin Transit Projected 10 Year Reserve Levels -Baseline



Operations

For the purposes of this report, the Operations Budget includes all revenues and expenses not directly related to purchasing or maintaining the capital infrastructure. Both the Operations revenues and expenses tracked very close to the adopted Budget. All Budget adjustments are shown in Attachment A. Operations revenue and expenses increased by about \$2 million compared to the prior year. The Operations expenditures allowed Marin Transit to successfully deliver the transit services detailed in Table 2.

Table 2: Fiscal Year 2013/14 Transit Services

Service	Annual Estimated Revenue Hours	Actual Revenue Hours	% of Estimate
Local Large Bus Fixed Route	98,000	93,426	95%
Community Shuttles	36,675	35,082	96%
Local Supplemental Service	2,400	1,385 ¹	58%
Muir Woods Shuttle	4,553	3,841	84%
Novato Dial-A-Ride	2,650	2,135	80%
West Marin Stagecoach Service	13,000	12,527	96%
Local Paratransit Service	60,030	56,277	94%
Service	Annual Estimate Trips	Actual Trips	% of Estimate
Catch A Ride	9,600 trips	12,979	135%
Volunteer Driver	16,000 trips	15,381	96%

1)1,323 in supplemental school hours included in Local Large Bus Fixed Route

Revenues

Marin Transit operations revenues increased by \$2.2 million from the prior year and were \$27,418,712 in FY2013/14. Over 50% of the increase revenue was from the Measure A local sales tax. What remained unchanged was Marin Transit's continued reliance on diverse revenue streams (Figure 2) with no single revenue source making up the majority of the District's operating funds. With the improving economy and prior year carry forwards, the District received \$10 million in Measure A revenues for local, rural and paratransit service. The District also had increased in property tax, Transit Development Act Funding and federal grants for operations. The improved economy provided one time increases in revenue that helped rebalance the District's operating revenues and expenses but the revenue increase is not an indicator of future revenue growth.

Expenses

Marin Transit's FY 2013/14 operations expenses of \$25,523,336 (Table 2) were 8% higher than FY2012/13 and the District provided 4.4% more revenue hours. Marin Transit provides local transit service through purchased transportation contracts. Under this structure the majority of district operations expenses are for contract service operation (84%) and associated fuel and communication expenses (6%) (Figure 3).

Service expansions and annual service contract rate increases were the primary factors in the increased operations costs. Savings from a new five year operations contract with the Golden Gate Bridge Highway and Transportation District (GGBHTD) was used to deploy new service and allow the District to meet the adopted reserve policy.

Table 2 shows actual FY2013/14 operations revenues and expenses for the year as they compare to the Adopted Budget. All Budget revisions are included in Attachment A. Expense categories under budget by more than \$100,000 include Staff Salaries and Benefits and Contract Service Operation (Table 2). Fuel was the only expense category over budget (+1%) due to increased quantity for expanded services and shifting of services to contract with directly purchased fuel. Measure B revenue was 17% below budget due to additional grant funding on Catch A Ride that reduced the need for Measure B funding in FY2014.

Table 2: Operations FY2013/14 Actuals (Admin, Local, Rural & Marin Access)

	<u>FY2012/13</u> <u>Actual</u>	<u>FY2013/14</u> <u>Budget -</u> <u>Revised</u>	<u>FY2013/14</u> <u>Actual</u>	<u>Percent</u> <u>Budget Used</u>
Revenue				
Fare Revenue	3,720,004	3,736,866	3,751,205	100.38%
Advertising & Other Revenue	334,864	222,092	344,516	155.12%
Fee for Service	1,776,389	1,950,103	1,865,052	95.64%
Interest	2,575	1,000	5,399	539.90%
Measure A	9,240,683	11,212,890	10,4329,915	93.01%
Measure B	534,025	808,178	671,308	83.07%
Property Taxes	3,190,322	3,213,918	3,427,936	106.66%
Development Area Fees	39,437	24,000	19,898	82.91%
State Transit Assistance (STA)	1,602,754	1,378,824	1,360,737	98.69%
Transit Development Act (TDA)	3,591,333	3,908,269	4,015,345	102.74%
Other State	19,893	20,071	19,753	98.42%
FTA Funds	1,070,210	1,108,337	1,3675,087	123.57%
National Park Service	126,276	165,000	159,063	96.40%

Transfer to Capital Budget	(82,301)	0	(26,502)	-
Total Revenue	<u>25,166,464</u>	<u>27,749,548</u>	<u>27,418,712</u>	<u>98.81%</u>
Expenses				
Salaries and Benefits	1,566,667	1,751,181	1,535,517	87.68%
Consultant Services	357,317	490,796	478,775	97.55%
Partner Agency Pass Through	-	-	85,000	NA
Indirect County Overhead	36,888	50,000	36,888	73.78%
Mobility Management Support Programs	20,359	74,420	45,377	70.44%
Office Supplies	92,225	107,170	98,970	92.35%
General Insurance	25,433	28,000	25,738	91.92%
Contract Service Operation	20,496,961	22,331,974	21,675,359	97.06%
Membership & Prof Development	24,087	27,000	14,442	53.49%
Mileage and Travel	13,524	18,400	11,613	63.11%
Marketing	71,972	225,068	136,453	60.63%
Communication	61,345	107,751	92,647	85.98%
Fuel	953,177	1,339,094	1,355,476	101.22%
Misc Services	27,249	25,000	21,851	87.40%
Office - Rental and Overhead	110,847	95,000	90,075	94.82%
Transfer to Capital Budget	(238,256)	(188,191)	(180,845)	96.09%
Total Expenses	<u>23,619,795</u>	<u>26,482,663</u>	<u>25,438,337</u>	<u>96.05%</u>
Net Revenue Over Expenditures	<u>1,546,669</u>	<u>1,266,885</u>	<u>1,895,376</u>	<u>149.6%</u>

Figure 2: Operations Revenue Sources for FY2013/14

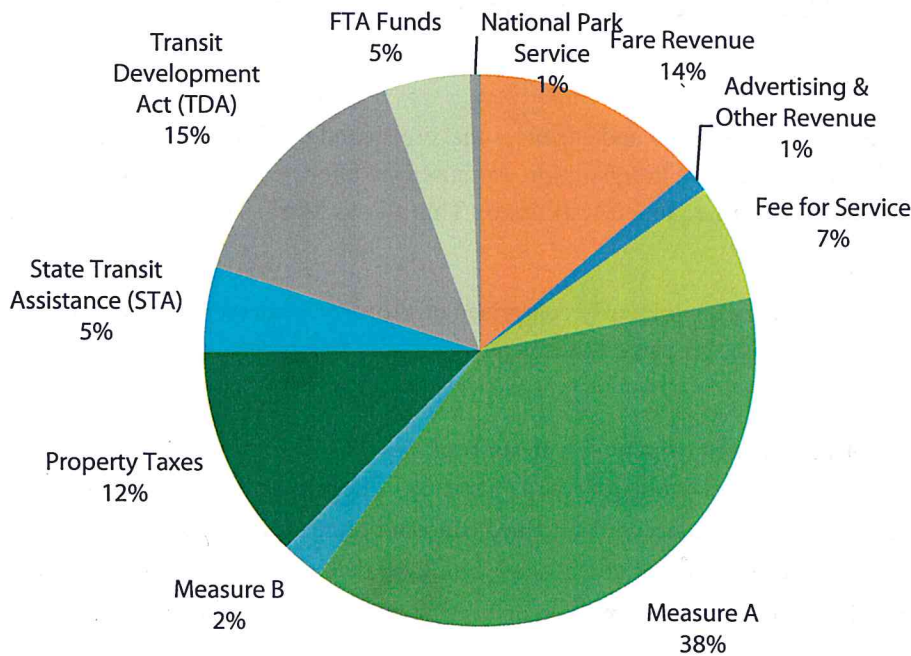
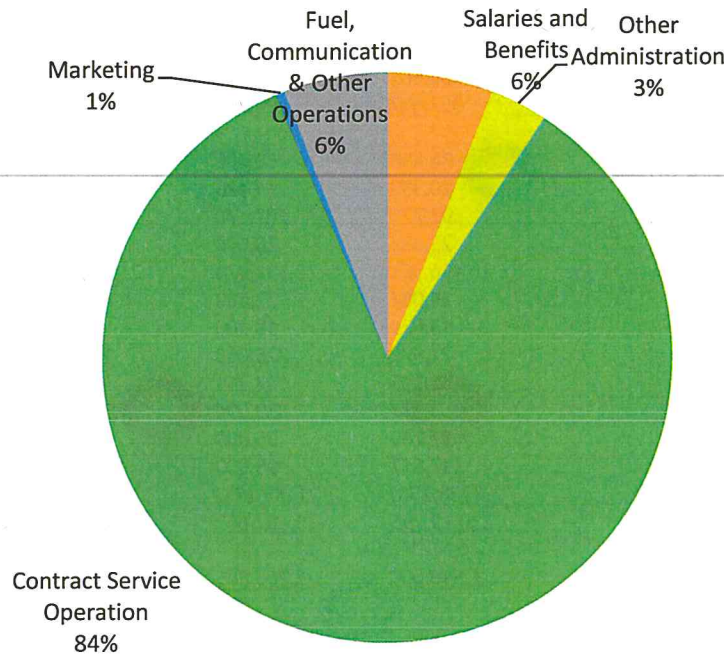


Figure 3: Systemwide Operations Expense Categories for FY2013/14



Marin Transit accounts for expenses by program area as defined by Measure A sales tax expenditure sub-strategies. Financial highlights from each program area are summarized below.

Administration

The administration budget includes revenues and expenses that are shared by all program areas. While these items are budgeted and recorded in administration, expenses are allocated to the program budgets based on a program’s resource usage (i.e., billed staff time). This allows Marin Transit to track to the full cost of programs.

Administrative revenue for the District is primarily comprised of Property Tax revenue. After several years of decline or almost no increase, Property Tax revenue increased five percent (5%) this year and seven percent (7%) in the prior year.

Marin Transit’s administrative expenses, which include staff salaries, benefits and associated office space, declined by \$50,000 in FY2013/14 to \$2,003,214 (Table 3). The primary cost savings were due to shifting staffing to a direct employment model with a defined contribution retirement plan. The new employment model established a Governmental 401(a) single employer defined benefit pension plan (the Plan) on October 2013. District contributions are based on years of service and are made into individual employee accounts under the Plan. A reporting of contributions, total balances, and investment returns is included in Attachment B.

Table 3: Administration FY2013/14 Actuals

	<u>FY2012/13</u> <u>Actual</u>	<u>FY2013/14</u> <u>Budget -</u> <u>Original</u>	<u>FY2013/14</u> <u>Budget -</u> <u>Revised</u>	<u>FY2013/14</u> <u>Actual</u>	<u>Percent</u> <u>Budget Used</u>
Revenue					
4070400 Interest	2,575	1,000	1,000	5,399	539.90%
4079950 Redevelopment Fees	18,098	0	0	11,309	0.00%
4079954 Residual ABX 126	21,340	24,000	24,000	8,589	35.79%
4080101 PropTax-CurrntSecured	2,819,607	2,843,660	2,843,660	2,949,699	103.73%
4080102 County Fee-SV2557Admin Basic Tax	(45,483)	(46,849)	(46,849)	(47,520)	0.00%
4080103 Property Tax-Unitary	27,371	25,366	25,366	28,103	110.79%
4080104 PropTax-CurrntUnSecur	62,270	64,479	64,479	63,394	98.32%
4080105 Educ Rev Augm Fund-Redist	279,315	289,221	289,221	360,255	124.56%
4080106 PropTax-Supp CY SECR	41,794	30,641	30,641	68,410	223.26%
4080107 PropTax-Supp Unsecured	232	400	400	1,565	391.25%
4080108 PropTax-Redemption	2,382	3,000	3,000	1,622	54.07%
4080109 Property Tax-Prior Unsecured	2,833	4,000	4,000	2,408	60.20%
4089901 National Park Service	0	0	0	34	0.00%
4119940 Other State	232	210	210	253	120.48%
4601001 Misc.-Reimbursement	<u>4,631</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Total Revenue	3,237,197	3,239,128	3,239,128	3,453,520	106.62%
4700001 Property Tax Transfer	<u>(1,075,423)</u>	<u>(1,962,245)</u>	<u>(1,962,245)</u>	<u>(1,022,429)</u>	<u>0.00%</u>
Net Revenue	2,161,774	1,276,883	1,276,883	2,431,091	190.39%
Expense					
5010200 Salaries and Benefits	1,546,366	1,730,881	1,730,881	1,511,091	87.30%
5030301 Consultant Services	169,562	213,000	213,000	136,804	85.84%
5030304 Prof Svcs - Legal	572	0	0	46,037	
5030305 Prof Svcs - Accounting and Audit	29,500	27,260	27,260	24,960	91.56%
5049901 Office Supplies	5,080	10,000	10,000	6,949	69.49%
5049902 Small Furn/Equip	11,014	12,000	12,000	3,548	29.57%
5049903 Software	40,869	44,267	44,267	50,839	114.85%
5049904 Copier Suppl & Srvc	8,287	10,300	10,300	6,381	61.95%
5049905 Postage	2,528	4,000	4,000	1,826	45.65%
5049906 Computers	8,047	10,000	10,000	12,840	128.40%
5050201 Communication - Phone	12,380	22,248	22,248	16,180	72.73%
5060301 Insurance - Gen Liability	25,433	28,000	28,000	25,738	91.92%
5090101 Membership & Prof Development	24,087	27,000	27,000	14,442	53.49%
5090202 Mileage and Travel	13,524	18,400	18,400	11,613	63.11%
5090801 Marketing	7,079	23,074	23,074	7,003	30.35%
5100401 County Transfer - Special District	36,888	50,000	50,000	36,888	73.78%
5121200 Office Rental	<u>110,847</u>	<u>95,000</u>	<u>95,000</u>	<u>90,075</u>	<u>94.82%</u>
Subtotal Expense	2,052,063	2,325,430	2,325,430	2,003,214	86.14%
5100100 Cost Center Salary/Benefit Transf	(1,084,386)	(1,691,543)	(1,691,543)	(1,126,697)	63.11%
5100101 Cost Center Transfer Overhead	<u>(362,402)</u>	<u>(633,887)</u>	<u>(633,887)</u>	<u>(340,852)</u>	<u>53.77%</u>
Total Expense	605,275	0	0	535,665	-

Local Service

The Local Service budget (Table 4) includes all revenues and expenses related to the provision of fixed route service and general purpose dial-a-ride (excluding rural service). Local Service revenues are primarily State Transit Assistance (STA), Transit Development Act (TDA), Measure A, and fare revenue.

In FY2013/14 Marin Transit provided 8% more vehicle revenue service hours and costs for Local Service operation expenses increased 7.5% (Figures 3 & 4). The District's direct fuel costs increased as more service was moved to purchased transportation contracts that exclude fuel costs.

Table 4: Local Service FY2013/14 Actuals

	<u>FY2012/13 Actual</u>	<u>FY2013/14 Budget - Original</u>	<u>FY2013/14 Budget - Revised</u>	<u>FY2013/14 Actual</u>	<u>Percent Budget Used</u>
Revenue					
4060301 Advertising Revenue	271,784	222,092	222,092	293,793	132.28%
4070301 Lease of Property	63,080	0	0	50,723	0.00%
4090101 Fee For Service	6,666	0	0	13,536	0.00%
4092001 Measure A Sales Tax	6,811,502	8,505,530	8,505,530	7,824,594	91.99%
4092003 Measure A Sales tax - Interest	0	0	0	85,000	0.00%
4110101 State Transit Assistance	1,159,697	1,083,613	1,083,613	1,094,956	101.05%
4110102 Transit Development Act (TDA)	3,591,333	3,908,269	3,908,269	4,015,345	102.74%
4110103 State Transit Assistance - Lifeline	361,602	215,001	215,001	185,587	86.32%
4139910 Fed-FTA 5307 Urbanized Area Formula	0	0	0	144,622	0.00%
4139931 Fed-FTA 5316 JARC	0	52,960	52,960	94,245	177.96%
4139951 National Park Service	126,276	165,000	165,000	131,802	79.88%
4139961 Fed-FTA 5304 State Planning	100,372	10,000	10,000	22,673	226.73%
4140100 Fare Revenue	3,305,007	3,290,626	3,290,626	3,320,148	100.90%
4601001 Misc.-Reimbursement	<u>3,021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Total Revenue	15,800,340	17,453,091	17,453,091	17,277,024	98.99%
4700001 Property Tax Transfer	170,151	794,207	794,207	3,544	0.45%
4700002 Program Revenue Transfer	<u>92,300</u>	<u>100,000</u>	<u>100,000</u>	<u>96,457</u>	<u>96.46%</u>
Net Revenue	16,062,791	18,347,298	18,347,298	17,377,025	94.71%
Expense					
5010200 Salaries and Benefits	20,301	20,300	20,300	23,470	115.62%
5030301 Consultant Services	132,230	162,386	162,386	115,160	70.92%
5030304 Prof Svcs - Legal	16,538	0	0	51,148	0.00%
5030602 Custodial Service	6,565	5,150	5,150	9,675	187.86%
5040101 Fuel	148,422	434,672	434,672	510,242	117.39%
5049901 Office Supplies	47	0	0	0	0.00%
5050205 Communication-AVL	11,553	41,175	41,175	35,139	85.34%
5050206 Communication-Data	120	0	0	621	0.00%
5080101 Purchased Transportation	14,944,503	16,042,994	16,042,994	15,605,149	97.27%
5090801 Marketing	42,100	90,000	90,000	90,346	100.38%
5100403 Expense Transfer - GGT Pass Through	0	0	0	85,000	0.00%
5122010 Signs	<u>27,249</u>	<u>25,000</u>	<u>25,000</u>	<u>21,851</u>	<u>87.40%</u>
Total Expense	15,349,628	16,821,677	16,821,677	16,547,801	98.37%
5100100 Cost Center Salary/Benefit Transfers	543,010	1,022,793	1,022,793	627,949	61.40%
5100101 Cost Center Transfer Overhead	<u>170,154</u>	<u>502,827</u>	<u>502,827</u>	<u>201,275</u>	<u>40.03%</u>
Total Expense	16,062,792	18,347,297	18,347,297	17,377,025	94.71%

Figure 4: Local Purchased Transportation Costs by Program

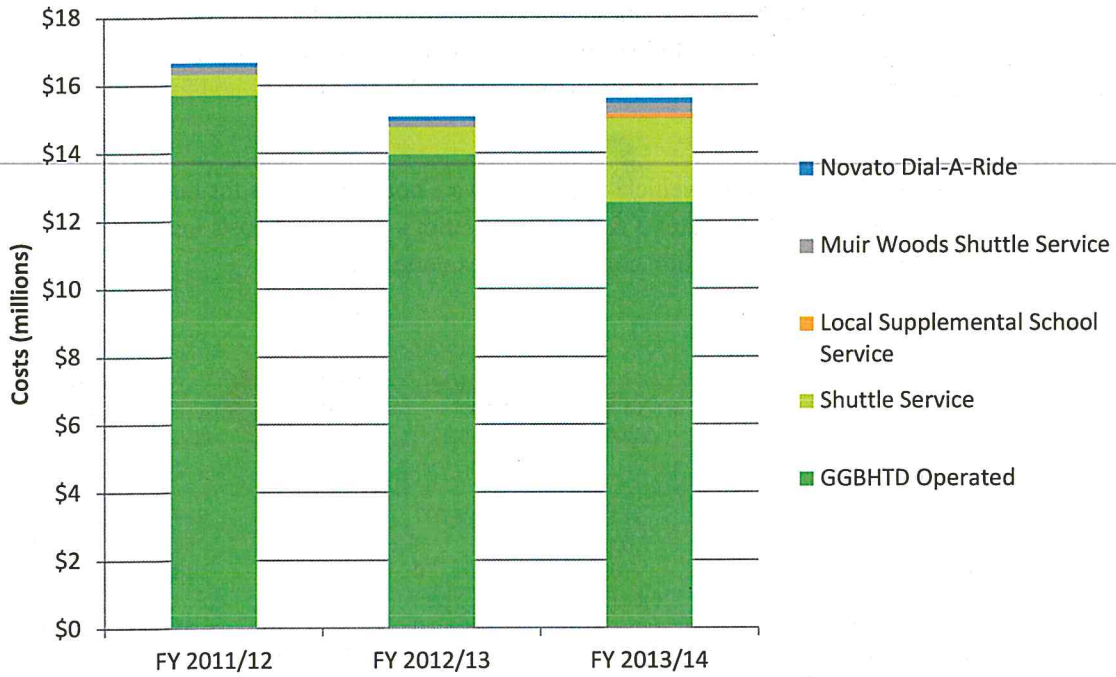
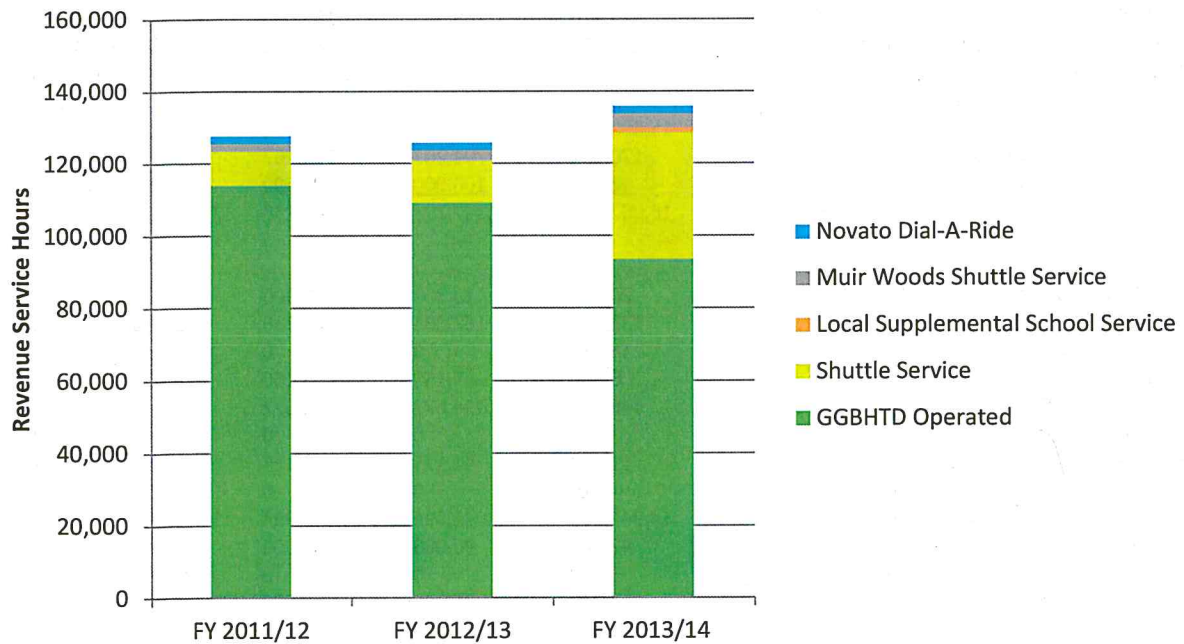


Figure 5: Local Revenue Service Hours by Program



Rural Service

Rural Service is operated as the West Marin Stagecoach Service and includes a Northern Route 68 and a Southern Route 61. Route 65's limited service to Tomales started at the end of FY2013/14. Table 5 shows the revenues and expenses related to rural service operations.

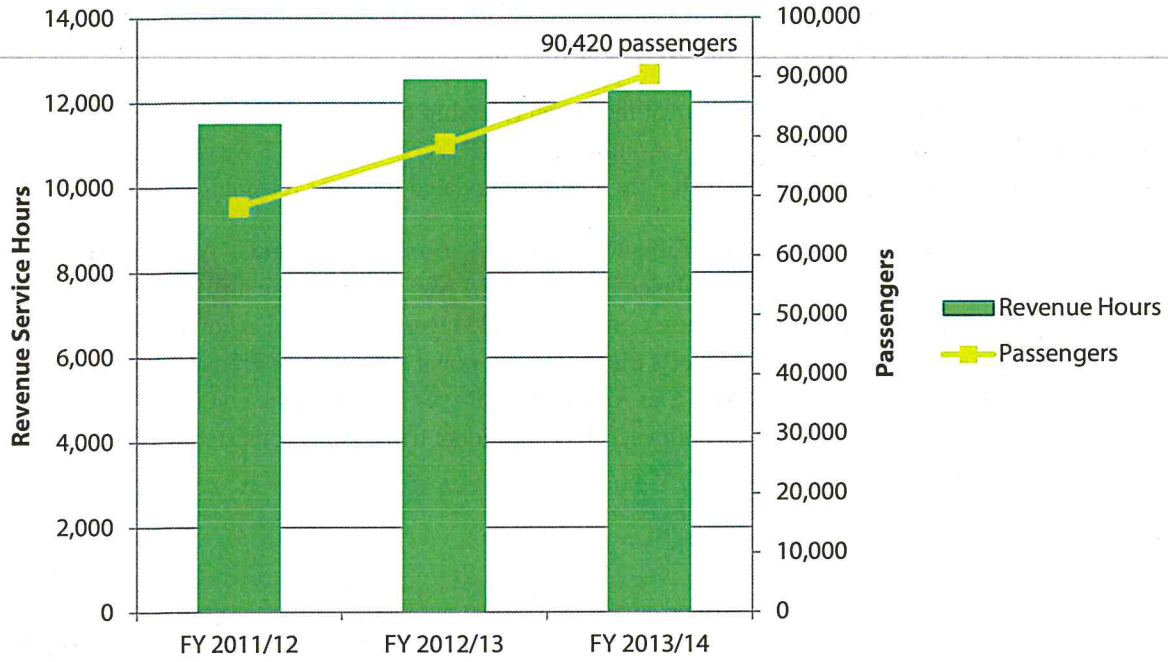
While maintaining the level of service, Marin Transit increased ridership by 15% in FY2013/14 (Figure 6) and fare revenue increased 6%. Federal Transit Administration (FTA) Section 5311 was higher than the budgeted amount but rural funding declined slightly due to an updated regional formula.

In prior years, Marin Transit has not claimed the full allocation of Measure A rural funds. At the close of the fiscal year, the Rural Measure A reserve balance held by TAM was just over one million dollars. Marin Transit is using the reserve balance over time to fund expanded Rural service in accordance with the West Marin Needs Assessment and the District's Short Range Transit Plan. Marin Transit expanded service on Northern Route 68 serving San Rafael-San Anselmo- Pt Reyes Station at the end of FY2013/14. The new service includes more evening service, additional trips, more consistency of schedules and better connections in San Rafael.

Table 5: Rural Service FY2103/14 Actuals

	<u>FY2012/13</u> <u>Actual</u>	<u>FY2013/14</u> <u>Budget -</u> <u>Original</u>	<u>FY2013/14</u> <u>Budget -</u> <u>Revised</u>	<u>FY2013/14</u> <u>Actual</u>	<u>Percent</u> <u>Budget Used</u>
Revenue					
4092001 Measure A Sales Tax	554,086	757,786	757,786	576,321	76.05%
4139920 Fed-FTA 5311 Rural	267,436	176,262	176,262	246,829	140.04%
4139951 National Park Service	0	0	0	27,226	0.00%
4140100 Fare Revenue	<u>102,414</u>	<u>96,000</u>	<u>96,000</u>	<u>108,591</u>	<u>113.12%</u>
Total Revenue	923,936	1,030,048	1,030,048	958,967	93.10%
Expense					
5010200 Salaries and Benefits	0	0	0	956	-%
5030301 Consultant Services	0	15,000	15,000	7,113	47.42%
5030304 Prof Svcs - Legal	0	0	0	1,025	0.00%
5040101 Fuel	154,353	177,975	177,975	151,398	85.07%
5049905 Postage	212	0	0	0	0.00%
5050204 Communication-MERA Radio	114	0	0	0	0.00%
5050205 Communication-AVL	14,837	16,013	16,013	11,689	73.00%
5080101 Purchased Transportation	642,845	654,917	654,917	638,073	97.43%
5090801 Marketing	<u>17,502</u>	<u>25,000</u>	<u>25,000</u>	<u>23,389</u>	<u>93.56%</u>
Subtotal Expense	829,863	888,905	888,905	833,643	93.78%
5100100 Cost Center Salary/Benefit Transfers	70,509	118,015	118,015	96,220	81.53%
5100101 Cost Center Transfer Overhead	<u>23,564</u>	<u>23,128</u>	<u>23,128</u>	<u>29,107</u>	<u>125.85%</u>
Total Expense	923,936	1,030,048	1,030,048	958,970	93.10%

Figure 6: Rural Stagecoach Revenue Hours and Passengers



Marin Access (Paratransit and Mobility Management)

The Marin Access FY2013/14 actuals (Table 6) include revenues and expenses for Marin Access Paratransit Services for both Local and Regional trips (Intra- and Inter-county) and Marin Transit’s mobility programs for the county’s seniors, people with disabilities and, and low-income residents.

The District continues to provide increased mobility through innovative programs like Catch-A-Ride and volunteer drivers. Ridership in Marin Access programs increased nine percent (9%) in FY2013/14 (Figure 7) and overall Marin Access costs increased nine percent (9%).

Table 6: Marin Access FY2013/14 Actuals

	<u>FY2012/13</u> <u>Actual</u>	<u>FY2013/14</u> <u>Budget -</u> <u>Original</u>	<u>FY2013/14</u> <u>Budget -</u> <u>Revised</u>	<u>FY2013/14</u> <u>Actual</u>	<u>Percent</u> <u>Budget Used</u>
Revenue					
4090101 Fee For Service	0	1,950,103	1,950,103	7,114	0.36% ²
4092001 Measure A Sales Tax	1,875,095	1,949,574	1,949,574	1,949,564	100.00%
4099950 Measure B	534,025	808,178	808,178	671,358	83.07%
4110101 State Transit Assistance	81,455	80,210	80,210	80,194	99.98%
4119910 State Prop Tx Relief HOPTR	19,661	19,861	19,861	19,500	98.18%
4139910 Fed-FTA 5307 Urban Area Formula	673,378	677,860	677,860	668,628	98.64%
4139941 Fed-FTA 5317 New Freedom	29,024	191,255	191,255	192,525	100.66%
4140100 Fare Revenue	312,582	350,240	350,240	322,467	92.07%
4601001 Misc.-Reimbursement	<u>1,762,070</u>	<u>0</u>	<u>0</u>	<u>1,844,403</u>	<u>NA</u>
Total Revenue	5,287,290	6,027,281	6,027,281	5,755,753	95.50%
4700001 Property Tax Transfer	822,971	1,168,038	1,168,038	992,383	84.96%
4700002 Program Revenue Transfer	<u>(92,300)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(96,457)</u>	<u>0.00%</u>
Net Revenue	6,017,961	7,095,319	7,095,319	6,651,679	93.75%
Expense					
5030301 Consultant Services	2,350	68,000	68,000	85,984	126.45%
5030304 Prof Svcs - Legal	0	0	0	871	0.00%
5040101 Fuel	650,401	726,447	726,447	693,836	95.51%
5049903 Software	15,812	16,603	16,603	16,587	99.90%
5049905 Postage	329	0	0	0	-
5050201 Communication - Phone	0	0	0	629	NA
5050203 Communication- Mobile Data Terminal	4,131	9,260	9,260	3,552	38.36%
5050204 Communication-MERA Radio	18,210	19,055	19,055	18,707	98.17%
5050206 Communication-Data	0	0	0	6,130	NA
5080101 Purchased Transportation	3,951,260	4,543,623	4,543,623	4,410,557	97.07%
5080102 Purchased Transportation - Regional	958,354	1,090,440	1,090,440	1,021,581	93.69%
5090801 Marketing	5,291	86,994	86,994	15,715	18.06%
5098001 Misc-Exp Transit User Training	7,242	14,420	14,420	5,700	39.53%
5098002 Gap Grant	4,098	40,000	40,000	27,005	67.51%
5098003 Low Income Rider Scholarships	<u>9,020</u>	<u>10,000</u>	<u>20,000</u>	<u>12,672</u>	<u>63.36%</u>
Total Expense	5,626,498	6,624,842	6,634,842	6,319,526	95.25%
5100100 Cost Center Salary/Benefit Transfers	300,775	393,382	393,382	254,992	64.82%
5100101 Cost Center Transfer Overhead	<u>100,519</u>	<u>77,094</u>	<u>77,094</u>	<u>77,161</u>	<u>100.09%</u>
Total Transfers	401,294	470,476	470,476	332,153	70.60%
Total Expense	<u>6,027,792</u>	<u>7,095,318</u>	<u>7,105,318</u>	<u>6,651,679</u>	<u>93.62%</u>

The expanding alternatives to paratransit such as catch-a-ride and volunteer driver, did not significantly slow the growth in high cost paratransit service demand. Paratransit contract service operations costs continued to increase in FY2013/14. FY2013/14 contract costs increased by 9.3% in FY2013/14. This is compared to 7.5% in FY2012/13, 7% in FY2011/12 and 14% in FY2010/11 (Table 8). Paratransit service is vital to Marin County residents but this mandated program's continued growth that outpaces revenues is an ongoing financial challenge for the District. Marin Transit balanced the Marin Access budget in Fiscal Year 2013/14 with grant funding, property tax funds, and Federal Americans with Disabilities Act (ADA) set aside funding the District now receives as a direct federal grant recipient.

² Revenue moved to Misc.-Reimbursement to better represent payments from Golden Gate Bridge Highway Transportation District and Marin Senior Coordinating Council.

Figure 7: Marin Access Passengers by Program

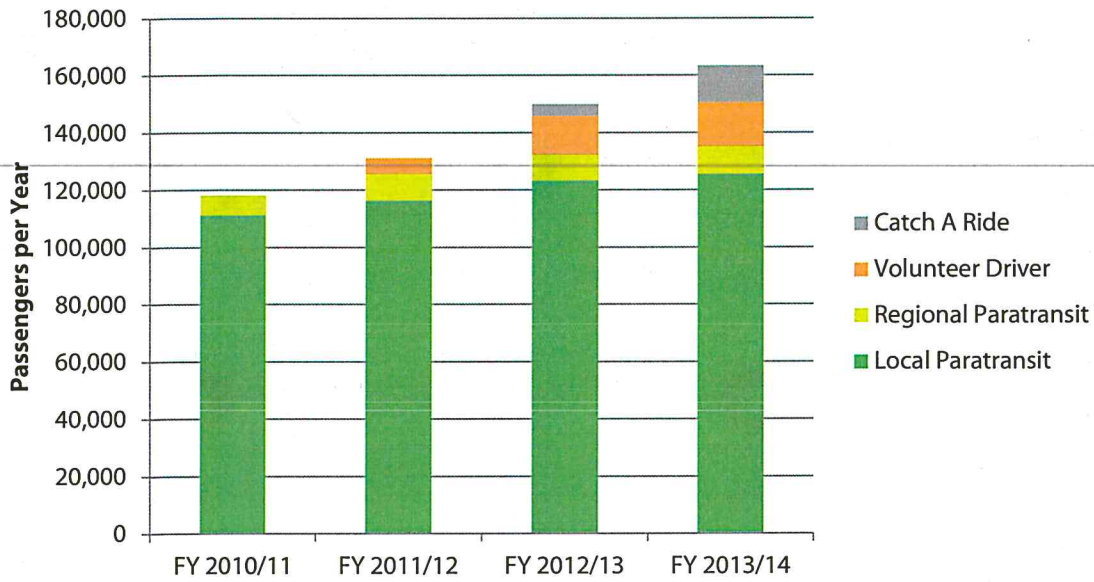
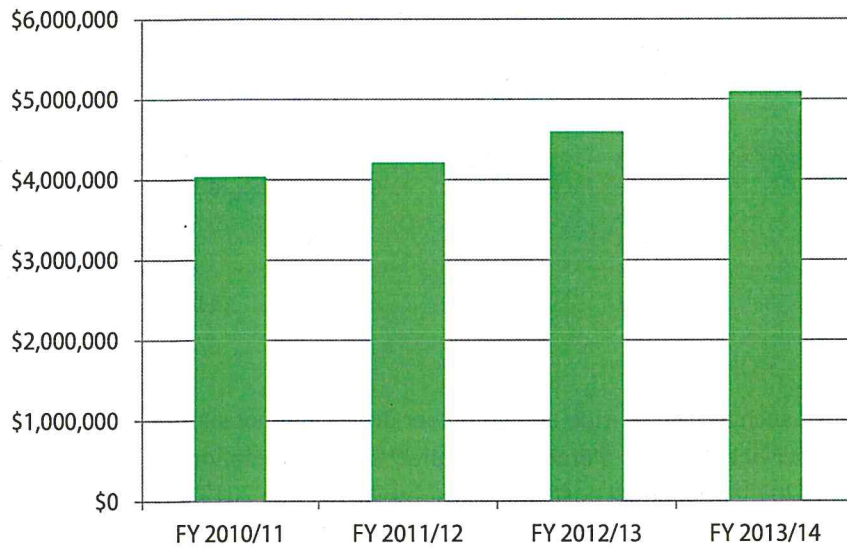


Figure 8: Local Paratransit Contract Costs³



³ Excludes fuel, communication, Marin Transit staff time and other direct costs

Capital

Marin Transit's Capital Program includes all expenses related to purchasing and maintaining the transit system capital assets (Table 9). These include vehicles purchases, vehicle leasing, bus stop improvements, technology projects, and communication systems. Marin Transit established itself as a direct Federal Grant recipient in FY2012/13 and continued to be successful in obtaining and implementing state and federal grant funding for capital projects. The District leverages Measure A sales tax revenue and received \$1.3 million in State and Federal funds for Capital projects which accounted for 53% of capital revenues. The major difference between the capital budget and actuals is that full funding for the seven 40ft vehicle replacements were budget in FY2013/14 but will not be expended until the vehicle delivery which is anticipated in winter 2015.

The FY2013/14 Marin Transit Capital Program continued to focus on bus stop improvements, technology projects, and vehicles replacements. A summary of project status for major capital projects is shown in Table 8. Staff initiated the procurement of 11 diesel/electric hybrid buses hybrid vehicles that will be delivered in winter 2015 and completed the purchase of three used vehicles and nine shuttle vehicles.

Table 8: Status Update for Major Capital Projects

Project	Status as of June 30, 2014
Vehicles	
Three used vehicles	Complete
Seven hybrid 30ft Vehicles	Board authorized procurement of Gillig vehicles through Bay Area joint procurement. Delivery anticipated in winter 2015
Four hybrid 40ft Vehicles	
Nine shuttle vehicles	Completed
Facilities & Stops	
Bus Stop Improvements – State of Good Repair	Project is 30% complete. New bus stop signage installed throughout the County. Designs prepared for accessibility and passenger amenity improvements at 21 locations
Downtown Novato Bus Stop Improvement	Design work in progress.
South Novato Bus Stop Improvements	Construction work completed at Ignacio Blvd. and Rowland Way bus stop locations
Technology Projects	
Scheduling Software	Fixed route scheduling software purchased and installed
Technology Backbone	Implemented a hosted paratransit scheduling system
Clipper	Work with MTC for August 2014 launch
Other	
Golden Gate Transit Capital costs	Paid local share for bus related capital including wifi on buses, SRTC safety and security, bus washing equipment and building improvements.

The District completed the major components of the South Novato Bus Stop Improvement project including significant pedestrian upgrades and a new local bus stop to improve local to regional connections along Highway 101 in Novato. As part the State of Good Repair Bus Stop Improvement project the District installed new bus stop blades with route information at all bus stop throughout the County. In partnership with the City of Novato and Golden Gate Bridge and Highway Transportation District, staff launched the design work for the improvements to the downtown Novato bus stop.

In addition, the District purchased new scheduling software, supported the implementation of Clipper on the Community Shuttles and West Marin Stagecoach and deployed a hosted paratransit scheduling system.

Table 9: Capital FY2013/14 Actuals

		<u>FY2012/13</u> <u>Actual</u>	<u>FY2013/14</u> <u>Budget -</u> <u>Original</u>	<u>FY2013/14</u> <u>Budget -</u> <u>Revised</u>	<u>FY2013/14</u> <u>Actual</u>	<u>Percent</u> <u>Budget</u> <u>Used</u>
Revenue						
4090101	Fee For Service	24,656	166,667	166,667	143,257	85.95%
4092001	Measure A Sales Tax	671,661	1,258,397	1,258,397	963,025	76.53%
4119901	State - Proposition 1B	1,442,136	1,347,922	1,347,922	70,879	5.26%
4119902	State- STIP Program	194,357	608,000	608,000	998,676	164.26%
4139901	Fed-FTA 5309 (SGR)	104,731	1,490,517	1,490,517	308,384	20.69%
4139910	Fed-FTA 5307 Urbanized Area	0	4,253,604	4,253,604	6,697	0.16%
4139911	Fed-FTA 5307 ARRA	39,684	0	0	0	0.00%
4139931	Fed-FTA 5316 JARC	0	300,000	300,000	7,965	2.66%
4139950	FTA-5320 Transit in the Parks	1,154,847	638,000	638,000	0	0.00%
4601001	Misc.-Reimbursement	(34,876)	0	0	4,939	-
4601020	Sale of Assets	9,364	0	0	30,171	-
4700001	Property Tax Transfer	82,301	0	0	26,502	-
Total Revenue		<u>3,688,861</u>	<u>10,063,107</u>	<u>10,063,107</u>	<u>2,589,191</u>	<u>25.73%</u>
Expense						
<i>Vehicles</i>						
DR	Novato DAR Vehicles (DR)	83,607	0	0	1,753	-
GV	Purchase of Used Vehicles	6,300	21,000	21,000	46,148	219.75%
LV	Seven 40ft Vehicles (LV)	756	5,033,000	5,033,000	8,372	0.17%
LX	Local Vehicle Replacement 4 30ft	0	0	0	1,955	-
MW	NPS - Muir Woods	63,555	36,000	36,000	10,900	30.28%
PV	Paratransit Vehicles (3)	1,607	244,872	244,872	117	0.05%
RU	ARRA Rural Vehicle	92	0	0	0	-
SV	Shuttle Vehicles	789,404	0	0	56,449	0.00%
VM	Muir Woods Vehicles (VM)	1,806,071	0	0	0	-
<i>Facilities & Stops</i>						
BI	Bus Stop Improvements SGR (BI)	132,111	1,863,146	1,863,146	391,980	21.04%
BW	Muir Woods Infrastructure Impr.	54,847	638,000	638,000	233	0.04%
NH	Downtown Novato Hub (NH)	38,046	200,000	200,000	213,582	106.79%
SN	South Novato Bus Stop Impr.	194,357	608,000	608,000	998,676	164.26%
<i>Communication and Data</i>						
AV	AVL (AL)	113,359	40,000	40,000	0	0.00%
MD	Mobile Data Terminals	11,004	0	0	11,004	-
ME	MERA (ME)	25,044	26,000	26,000	25,032	96.28%
SD	Scheduling Software	0	0	100,000	65,956	65.96%
TB	Mobility Management Technology	2,160	375,000	375,000	181,867	48.50%
TC	Clipper (TC)	0	100,000	100,000	17,185	17.19%
<i>Fare Revenue Collection</i>						
FB	Fareboxes (FB)	1,665	20,000	20,000	31,712	158.56%
<i>Other</i>						
BM	Bus Stop Maintenance (BM)	7,248	100,000	100,000	22,882	22.88%
GG	Golden Gate Capital Costs (GG)	184,391	419,898	419,898	383,848	38.05%
IF	Infrastructure Support (IF)	101,098	238,191	138,191	97,449	40.91%
OF	Office Furniture	45,428	0	0	0	-
VR	Major Vehicle Repairs	26,712	100,000	100,000	22,091	22.09%
Total Expense		<u>3,688,862</u>	<u>10,063,107</u>	<u>10,063,107</u>	<u>2,589,191</u>	<u>25.73%</u>
Net Revenue Over Expenditures		<u>(1)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>

Attachment A: FY2013/14 Budget Amendments

Number	Board Authorization	Description	Function	Program	Project	GL	Original	Change	Final
FY14-01	01/27/2014	Move \$100,000 of budget from Infrastructure Support to a new Capital project Scheduling Software (SS)	Capital	Capital	IF		\$238,191	-100,000	\$138,191
			Capital	Capital	SD	NA	0	+100,000	\$100,000
FY14-02	05/19/2014	Increase budget for the low income local paratransit scholarship program.	Marin Access	Mobility Management	MB	5098003	\$10,000	+10,000	\$20,000

Attachment B: Annual Report of Marin Transit's Defined Contribution Retirement Account 401(a)

The Marin County Transit District established a Governmental 401(a) single employer defined benefit pension plan (the Plan) in October 2013. The plan is available to all of its employees who have attained twenty-one years of age and have more than 1,000 hours of service. The District is required to contribute 10% to 15% of each employee's compensation, based on years of service into an individual employee account under the Plan. The following statement of balances is intend to provide a reporting of contributions and allow for review of plan effectiveness.

Investment Balances

Starting Balance	\$50,652	
Contributions ⁴	\$70,100	
Earnings	\$6,995	
<i>Balance June 30, 3014</i>	<i>\$127,748</i>	
Estimated Average Annual Rate of Return ⁵		10.8%
Active Participants: 10		

Investment Volatility⁶

Investment Volatility	% of Total	Investment Volatility Category Balance
Moderate	68.96 %	\$88,098.59
Low	28.90 %	\$36,919.15
Very Low	2.14 %	\$2,729.98
Total Account Value	100.00%	\$127,747.72

⁴ Through 6/15/2014 payroll (Cash basis)

⁵ Calculated based on an average of the quarterly returns on invested assets

⁶ Based on investment selections made by individual participants



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November 17, 2014

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



SUBJECT: Audited Financial Statements for Fiscal Year 2013/14 and Year End Financial Report

Dear Board Members:

RECOMMENDATION: Accept report.

board of directors

judy arnold
president
supervisor district 5

kathrin sears
vice president
supervisor district 3

madeline kellner
2nd vice president
city of novato

susan l. adams
director
supervisor district 1

steve kinsey
director
supervisor district 4

stephanie moulton-peters
director
city of mill valley

katie rice
director
supervisor district 2

SUMMARY: Richardson & Company has completed the attached annual financial audit of the Marin County Transit District for Fiscal Year 2013/14. The audit report includes the results of a detailed *single* audit as required when the expenditure of federal funds in a fiscal year exceeds \$500,000. The auditor presented the attached report to the ad hoc Audit Subcommittee of your Board for review on November 5, 2014. 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 March 30, 2015.

For the year ending June 30, 2014, the Financial Statements with reports of Independent Auditors has three main components. These include a management discussion and analysis that provides an overview of the District's financial activities, basic financial statements, and supplemental information. Also attached to this report is the supplemental year end Financial report prepared by District staff.

Financial Audit Year End June 30, 2014

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 in 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, 2014. The auditor found no material weaknesses or significant deficiencies in internal control over major federal award programs.

Annual Financial Report

This attached report presents Marin County Transit District's (Marin Transit's) Year End Financial Report for Fiscal Year 2013/14. The report shows the final audited numbers in the more detailed budget format.

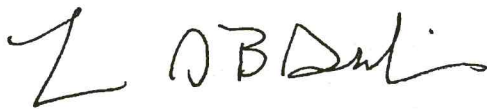
Highlights from the attached report include:

- Marin Transit's total expenditures between July 1, 2013 and June 30, 2014 (Fiscal Year 2013/14) for Operations and Capital was \$28,112,527;
- The District has a fully funded emergency reserve, and the contingency reserve is between the target of 2-4 months of operating funds (2.2 months);
- Measure A sales tax revenue for Operations increased by \$1.2 million due a one-time carry forward of sales tax receipts making more available for allocation to operating programs;
- Marin Transit expanded fixed route services with minimal cost increases and experienced increased ridership on community shuttle, Muir Woods, and rural services;
- Marin Transit increased mobility of seniors and persons with disabilities, but continual growth in highly subsidized paratransit service is a significant long term financial challenge for the District; and
- The District implemented a \$2.4 million capital program focused on vehicle replacements, bus stop improvements, and technology projects and increased the District's capital assets by \$1.8 million.

The attached financial audit and report provide a snapshot of Marin Transit's financial condition. In FY2014/15 Marin Transit will prepare its 2016-2025 Short Range Transit Plan (SRTP). The SRTP's ten-year projections provide the framework to evaluate longer range financial decisions.

FISCAL/STAFFING IMPACT: None associated with this report.

Respectfully submitted,



Lauren Gradia
Director of Finance and Capital Programs

Attachment A Marin Transit FY 2013/14 Financial Audit
Attachment B Marin Transit Year End Financial Report