



MARIN COUNTY TRANSIT DISTRICT

San Rafael, California

A Component Unit of the County of Marin, California

ANNUAL FINANCIAL COMPREHENSIVE REPORT

For the Years Ended June 30, 2022 and 2021



**MARIN COUNTY TRANSIT DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MARIN, CALIFORNIA)**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

PREPARED BY THE FINANCE DEPARTMENT

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**MARIN COUNTY TRANSIT DISTRICT
JUNE 30, 2022 AND 2021**

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711 grand ave, #110
san rafael, ca 94901

ph: 415.226.0855
fax: 415.226.0856
marintransit.org

November 17, 2022

The Board of Directors
Marin County Transit District

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Marin County Transit District (the District) for the fiscal years ended June 30, 2022 and 2021.

The District's enabling legislation requires an annual audit of the District's financial statements. This report is published to fulfill that requirement for the fiscal years ended June 30, 2022 and 2021.

board of directors

stephanie moulton-peters
president
supervisor district 3

katie rice
vice president
supervisor district 2

eric lucan
2nd vice president
city of novato

judy arnold
director
supervisor district 5

kate colin
director
city of san rafael

damon connolly
director
supervisor district 1

dennis rodoni
director
supervisor district 4

brian colbert
alternate
town of san anselmo

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

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

Brown Armstrong Accountancy Corporation has issued an unmodified ("clean") opinion on the District's financial statements for the fiscal years ended June 30, 2022 and 2021. The independent auditor's report is located at the front of the financial section of this report. This report has been prepared by the Finance Department following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA) and is in conformance with generally accepted accounting principles for state and local governmental entities established by the Governmental Accounting Standards Board (GASB). Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors. Responsibility for the accuracy, completeness and fairness of the presented data and the clarity of presentation, including all disclosures, rests with the management of the District.

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

PROFILE OF THE GOVERNMENT

History

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

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

The passing of Measure A, the County’s ½ cent sales tax increase, in 2004 further propelled the responsibility of Marin Transit under a 20-year expenditure plan providing a dedicated local funding source for public transit within the County. This new funding source allowed the District to fund its local big bus fixed route services, expand the rural Stagecoach service, and introduce the community shuttle program. In November 2018, Measure A was reauthorized as Measure AA for a 30-year extension.

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

Internal growth within the District has also occurred as responsibility for local service has increased. Staffing levels prior to the passage of Measure A included one full-time and one part-time employee. With the passage of Measure A, the number of full-time employees grew from 1.5 to 3.5 in 2006 and then to 5 employees in 2008. As of June 30, 2022, the District has 20.2 authorized full time equivalent employees.

The COVID-19 pandemic, starting in March 2020, disrupted transit service operations and reduced ridership demand on both fixed route and demand response services. As the County and our District recover from the pandemic, Marin Transit’s fixed route ridership has returned faster than the District’s ADA paratransit ridership and faster than other Bay Area transit operators that have more commute dependent ridership.

Services

Fixed Route

Marin Transit operates transit service on 24 routes within Marin County. Over 2.3 million trips were made on the local fixed route network in fiscal year 2022. This is down from over 3.0 million trips made prior to the COVID-19 pandemic, but an increase from the 1.0 million trips made in the prior fiscal year.

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

Local Trunkline

Description: Services that operate along the highest ridership corridors and often the most densely populated areas of the County. These services provide the backbone for the transit system and connect with Local Basic and Local Connector services at key transfer locations. Along Highway 101, Trunkline service supplements the Golden Gate Transit regional services that continue to San Francisco and Sonoma Counties.

- Operational Focus: Capacity, frequency, and speed.
- Routes: 35, 36, 71
- Program: Local Bus
- Typical Vehicle: 40' heavy duty

Local Basic

Description: Services that operate along many of the County's arterial corridors with transit-supportive land use patterns with an emphasis on providing the more extensive coverage of transit services.

- Operational Focus: Frequency, accessibility, and speed.
- Routes: 17, 22, 23, 23x, 29, 49
- Program: Local Bus
- Typical Vehicle: 35' or 40' heavy duty

Local Connector

Description: Services to lower density areas with less supportive transit land use patterns or areas where larger bus capacity is not warranted. These services rely on good transfer opportunities to the Local Trunkline and Local Basic Services for travel outside the community.

- Operational Focus: Accessibility.
- Routes: 219, 228, 233, 245, 251, 257
- Program: Community Shuttles
- Typical Vehicle: 24' cutaways

Supplemental School

Description: Services that are provided to address the transportation needs of schools, primarily middle and high schools, within the County. These services provide additional capacity on Marin Transit routes for this purpose and are not designed for transfer opportunities.

- Operational Focus: Capacity.
- Routes: 613, 619, 625, 651, 654
- Program: Local Bus
- Typical Vehicle: 35' or 40' heavy duty
- Limited services were provided during the COVID-19 pandemic

Rural

Description: Services to the rural areas of West Marin that provide community mobility and reduce congestion in the rural areas. Topography is challenging on these routes and requires specific attributes for the fleet used to deliver these services.

- Operational Focus: Accessibility.
- Routes: 61, 68
- Program: Rural and Recreational
- Typical Vehicle: 28'-32' cutaways

Recreational

Description: Services that support recreational or tourist-based travel within the County. Major attractions include the Muir Woods National Monument within the Golden Gate National Recreational Area.

- Operational Focus: Accessibility.
- Routes: 66
- Service was suspended during pandemic and restarted in June 2021

Yellow Bus

Marin Transit provides yellow school bus service to two schools in the Ross Valley School District: White Hill Middle School and Hidden Valley Elementary School. This yellow bus school service was suspended in March 2020 due to the COVID-19 pandemic and re-started in fiscal year 2022. Marin Transit handles all logistics of the program including contract management, website development, pass sales and production, and customer service. Staff at White Hill Middle School and Hidden Valley Elementary School support the program by distributing passes and managing student loading on the buses in the afternoon.

Marin Transit staff provide planning and management support to a Joint Powers Authority for Reed Union School District and administers a yellow bus grant program with Measure AA funds.

Demand Response

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

LOCAL ECONOMY

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

The local economy entered a period of uncertainty with the onset of the COVID-19 pandemic and has shown a return to the strong economy that existed before the pandemic. The County’s unemployment increased during the pandemic from a low of 2.4% to a high of 6.1% in fiscal year 2021 and dropped again to 3.0% in fiscal year 2022. The Contractors for the District continue to have increasing difficulties hiring and retaining drivers and other front-line staff. These challenges have continued to increase during the pandemic causing missed service, difficulties in adding service and increasing costs for our contractors.

A significant portion of the District’s operating funds are derived from sales tax revenues. The COVID-19 pandemic did not negatively impact Marin County’s total sales tax receipts but has impacted the timing. In fiscal year 2020, many businesses chose to defer sales tax payments. Fiscal year 2020 sales tax decreased 5.6% and fiscal year 2021 and 2022 sales tax increased 12.8% and 12.7%, respectively. This equates to about a 6.2% increase per year over the three-year period. This is better than the standard 2.2% per year growth projections used by the Transportation Authority of Marin.

LONG TERM PLANNING AND MAJOR INITIATIVES

Short Range Transit Plan

The District's Short Range Transit Plan (SRTP) is the primary service and financial planning document for the District and includes ten years of financial projections for operations and capital programs. The 2020-2029 SRTP was adopted by the Board of Directors (the Board) on February 3, 2020. The District is completing a partial update in 2022 and will do a full update in 2024.

Operating Plan

The District made significant adjustments in response to the countywide Shelter in Place order issued on March 16, 2020. Following this order, the District suspended all supplemental school and yellow bus service and suspended service to Muir Woods on April 7, 2020, due to the closure of the National Monument. Paratransit demand dropped to an unprecedented low. In fiscal year 2021, most supplemental school service, Muir Woods service and yellow bus service continued to be suspended. Marin Transit re-deployed suspended service and added fixed route service to reduce pass-ups on key corridors and routes.

By the start of fiscal year 2022, fixed route ridership was recovering and Marin Transit returned most service to more normal operations. At the end of fiscal year 2022, fixed route ridership was at 80% of pre-COVID ridership and ADA paratransit ridership was 51% of pre-COVID levels. Marin Transit is budgeting for a similar level of fixed route service in fiscal year 2023 and planning for a continued recovery of paratransit transit demand.

Marin Transit does not directly operate any of its services and instead provides them through contracts with multiple service providers. The District began a new service contract for paratransit service and other Marin Access programs on February 1, 2022. The District has been negotiating the interagency operations agreement with Golden Gate Bridge Highway and Transportation District to be effective mid fiscal year 2023. All other fixed route service contracts are now in option years and the District is preparing for competitive bids.

Marin Transit continues to be in a strong financial position. Recent years of strong economic growth enabled the District to make decisions to fully fund the District's emergency and contingency reserves, and the 2018 passage of the Measure AA transportation sales tax extension continues to provide baseline funding for the District. The District's long term financial stability is less certain and there are increasing challenges due to the tight labor market and lack of ownership of sufficient fixed route parking and maintenance facilities.

Capital Plan

The District's Capital Improvement and Funding Plan includes all expenses related to purchasing and maintaining the transit system's capital assets. The District's primary capital responsibilities and priorities are to:

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

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

To ensure stable operations and allow for future expansion, the District needs to find a permanent location for contract maintenance and transit vehicle parking. The District purchased a bus parking facility in fiscal year 2019/2020, a paratransit maintenance facility in fiscal year 2020/21, and is completing a purchase of a small facility for parking, but additional facilities are needed for charging and parking electric buses and fixed route fleet maintenance. In fiscal year 2022, the District expended \$1.4 million of the capital reserve on facility projects and has a remaining reserve balance of \$17.9 million.

RELEVANT FINANCIAL POLICIES

Budget Process

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

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

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

Reserve Policy

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

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

Consistent with the fiscal year 2022 budget, the District added \$132,336 to the operations reserve in fiscal year 2022, to maintain a total operations reserve of \$17.7 million or the equivalent of six months operating expenses in the combined Emergency and Contingency Reserves.

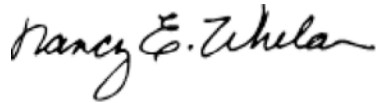
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Annual Comprehensive Financial Reports (ACFR) for the fiscal year ended June 30, 2021. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state or local government financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. The report must satisfy both GAAP and applicable legal requirements.

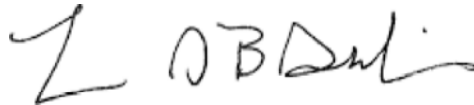
A Certificate of Achievement is valid for a period of only one year. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully Submitted,



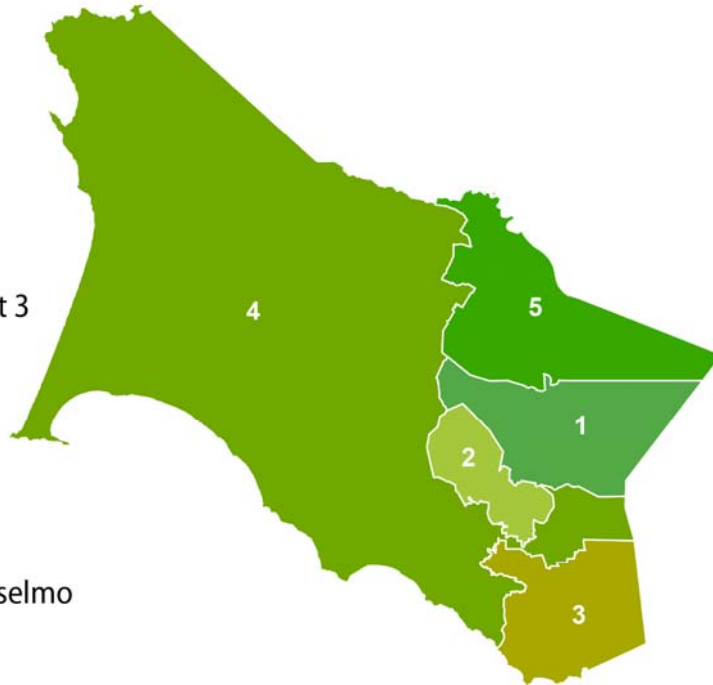
Nancy Whelan
General Manager



Lauren Gradia
Director of Finance and Capital Programs

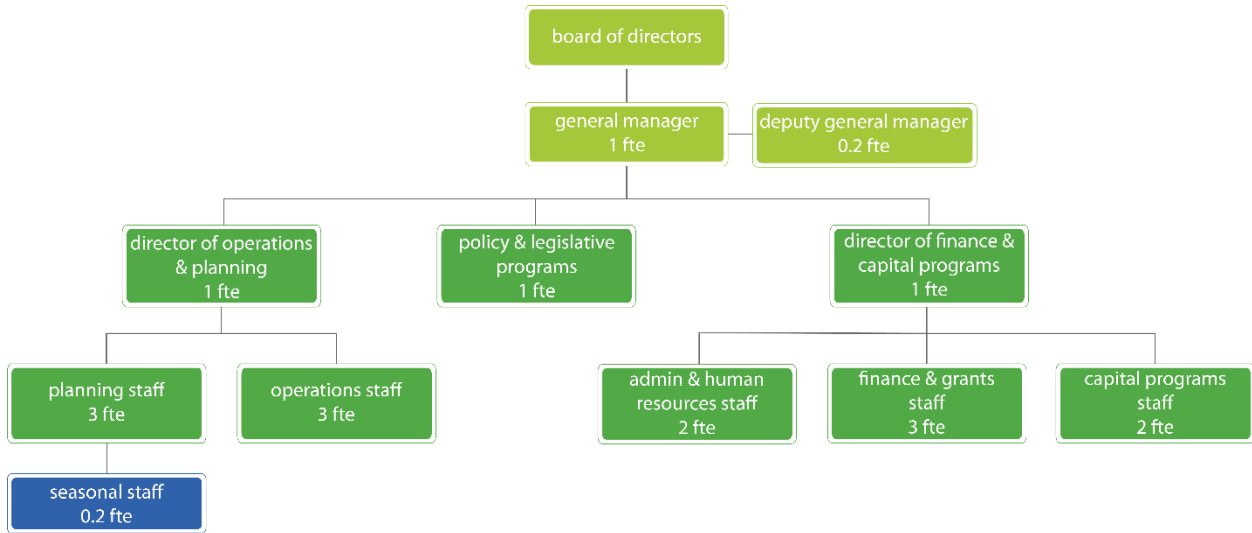
**MARIN COUNTY TRANSIT DISTRICT
INTRODUCTORY SECTION
PRINCIPAL OFFICIALS**

- Damon Connolly** District 1
- Katie Rice** District 2
- Stephanie Moulton-Peters** District 3
- Dennis Rodoni** District 4
- Judy Arnold** District 5
- Kate Colin** City of San Rafael
- Eric Lucan** City of Novato
- Brian Colbert (alt)** Town of San Anselmo



Board Member	District or City	Current Term Ends
Damon Connolly	District 1	January 1, 2023
Katie Rice	District 2	January 1, 2025
Stephanie Moulton-Peters	District 3	January 1, 2025
Dennis Rodoni	District 4	January 1, 2025
Judy Arnold	District 5	January 1, 2023
Kate Colin	City of San Rafael	January 1, 2024
Eric Lucan	City of Novato	January 1, 2025
Brian Colbert	City of San Anselmo	January 1, 2024

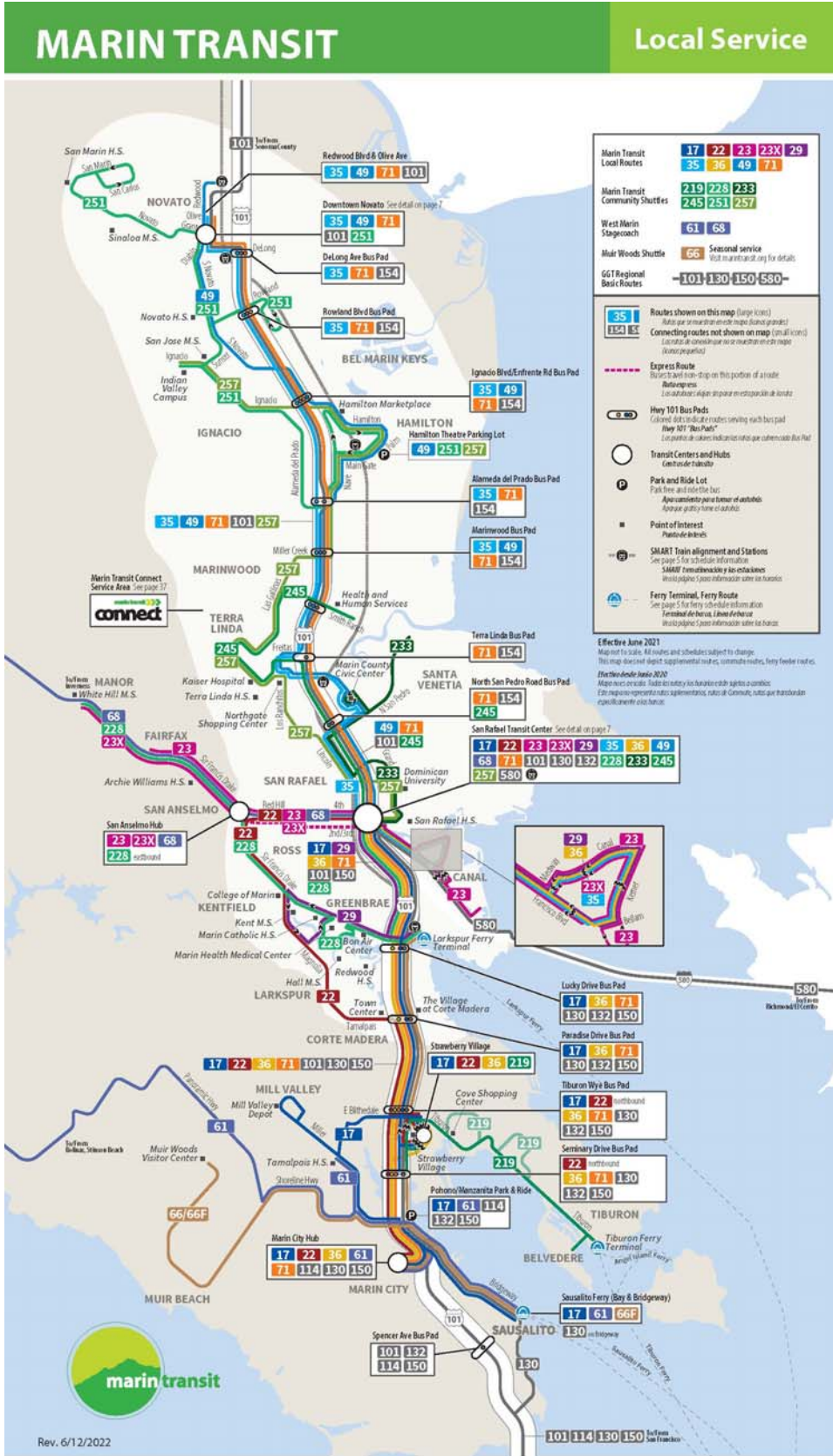
**MARIN COUNTY TRANSIT DISTRICT
INTRODUCTORY SECTION
ORGANIZATIONAL CHART**



Note:

- Total authorized FTE 16.4
- Vacancies at 6/30/22 equaled 1.0 FTE

MARIN COUNTY TRANSIT DISTRICT INTRODUCTORY SECTION SERVICE AREA MAP





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Marin County Transit District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the Marin County Transit District (the District), a component unit of the County of Marin, as of and for the fiscal year ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2022 and 2021, and the respective changes in financial position, and cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 4 to the financial statements, in 2022, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of changes in the net pension (asset) liability and related ratios, and schedule of contributions, as presented in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information identified in the accompanying table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2022, 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, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

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

Bakersfield, California
November 17, 2022

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**MARIN COUNTY TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022 AND 2021**

As management of the Marin County Transit District (Marin Transit or the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended June 30, 2022 and June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i to vi of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities at June 30, 2022 and 2021, by \$81,958,592 and \$77,682,047 (net position), respectively. Of this amount, \$46,378,836 and \$40,895,229, respectively, is net investment in capital assets, and \$35,579,756 and \$36,786,818, respectively, is unrestricted.
- The District's total net position increased for the fiscal year ended June 30, 2022, by \$4,276,545 compared to the fiscal year ended June 30, 2021. The District's total net position increased for the fiscal year ended June 30, 2021, by \$5,526,326 compared to the fiscal year ended June 30, 2020. The increases are due to increased investment in capital assets and increased intergovernmental operating revenue including Federal and State funding.
- The District claimed \$8,842,770 in fiscal year 2022 from the Transportation Authority of Marin as part of a voter approved sales tax. The District claimed \$12,255,119 in fiscal year 2021 from the Transportation Authority of Marin as part of a voter approved sales tax.
- The District's emergency reserve and contingency reserve are fully-funded, with a total value equivalent to six months operating funds. The District also removed \$1,339,403 from the capital reserve, for a total capital reserve of \$17,888,880.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

The statements of net position present information on all of the District's assets, deferred outflows of resources, 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 statements of activities and changes in net position present information showing how the District's net position changed during the fiscal year. All changes in net position are recognized on the date the underlying event that gives rise to the change occurs, regardless of the timing of the related cash flows.

The basic financial statements can be found on pages 10-13 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide statements. The notes to the basic financial statements can be found on pages 14-33 of this report.

OVERALL FINANCIAL ANALYSIS

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

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$81,958,592 and \$77,682,047 at June 30, 2022 and 2021, respectively.

STATEMENTS OF NET POSITION

As stated earlier, increases or decreases in net position over time may serve as a useful indicator of the District's financial position. A summary of the Statements of Net Position during the fiscal years ended June 30, 2022, 2021, and 2020, is shown below. The focus is on Net Position (Note 1):

	June 30, 2022	June 30, 2021	2022 - 2021 Increase (Decrease)	June 30, 2020	2021 - 2020 Increase (Decrease)
Cash	\$ 28,577,971	\$ 25,892,366	\$ 2,685,605	\$ 22,732,624	\$ 3,159,742
Receivables	12,516,216	12,153,513	362,703	13,981,420	(1,827,907)
Prepaid expenses	8,229	2,983,557	(2,975,328)	136,882	2,846,675
Net pension asset	-	12,047	(12,047)	-	12,047
Capital assets, net	47,252,222	40,895,229	6,356,993	40,142,892	752,337
Total Assets	88,354,638	81,936,712	6,417,926	76,993,818	4,942,894
Deferred Outflows of Resources	148,898	6,088	142,810	-	6,088
Current liabilities	5,656,764	4,237,994	1,418,770	4,798,796	(560,802)
Noncurrent liabilities	888,180	22,759	865,421	39,301	(16,542)
Total Liabilities	6,544,944	4,260,753	2,284,191	4,838,097	(577,344)
Net investment in capital assets	46,378,836	40,895,229	5,483,607	40,142,892	752,337
Unrestricted net position	35,579,756	36,786,818	(1,207,062)	32,012,829	4,773,989
Total Net Position	\$ 81,958,592	\$ 77,682,047	\$ 4,276,545	\$ 72,155,721	\$ 5,526,326

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

STATEMENTS OF ACTIVITIES AND CHANGES IN NET POSITION

The Statements of Activities and Changes in Net Position provide information regarding the District's revenues and expenses. The table below reflects a summary of the District's Statements of Activities and Changes in Net Position during the fiscal years ended June 30, 2022, 2021, and 2020.

	June 30, 2022	June 30, 2021	2022-2021 Increase (Decrease)	June 30, 2020	2021-2020 Increase (Decrease)
Operating Revenues					
Transit fares	\$ 2,494,806	\$ 1,456,012	\$ 1,038,794	\$ 2,664,354	\$ (1,208,342)
Contractual compensation	1,607,414	1,291,815	315,599	1,778,963	(487,148)
Special fares and school bus revenue	304,605	193,008	111,597	376,870	(183,862)
Total Operating Revenues	4,406,825	2,940,835	1,465,990	4,820,187	(1,879,352)
Operating Expenses					
Purchased transportation services	24,818,237	23,220,993	1,597,244	24,614,822	(1,393,829)
Depreciation and amortization	4,784,362	4,479,124	305,238	4,119,852	359,272
Salary and benefits	2,527,315	2,435,258	92,057	2,420,797	14,461
Fuel	2,997,169	1,891,121	1,106,048	2,112,076	(220,955)
Professional services	1,696,700	1,571,188	125,512	1,352,263	218,925
General and administrative	598,660	531,105	67,555	537,450	(6,345)
Leases and rentals	143,874	140,532	3,342	137,817	2,715
Maintenance and facility costs	393,610	249,147	144,463	160,765	88,382
Total Operating Expenses	37,959,927	34,518,468	3,441,459	35,455,842	(937,374)
Operating Loss	(33,553,102)	(31,577,633)	(1,975,469)	(30,635,655)	(941,978)
Nonoperating Revenues (Expenses)					
Intergovernmental	26,855,061	26,303,660	551,401	25,660,130	643,530
Property taxes	5,382,566	5,025,293	357,273	4,803,083	222,210
Advertising and rentals	553,176	538,768	14,408	520,168	18,600
Gain on disposal of capital assets	32,281	110,250	(77,969)	-	110,250
Other revenues (expenses)	(577,472)	(106,156)	(471,316)	268,736	(374,892)
Interest expense	(1,552)	-	(1,552)	-	-
Total Nonoperating Revenues (Expenses)	32,244,060	31,871,815	372,245	31,252,117	619,698
Income Before Capital Contributions	(1,309,042)	294,182	(1,603,224)	616,462	(322,280)
Capital Contributions (Grants)					
Intergovernmental	5,563,381	5,225,566	337,815	15,495,044	(10,269,478)
Other revenue	22,206	6,578	15,628	51,604	(45,026)
Total Capital Contributions (Grants)	5,585,587	5,232,144	353,443	15,546,648	(10,314,504)
Change in Net Position	4,276,545	5,526,326	(1,249,781)	16,163,110	(10,636,784)
Net Position at Beginning of Year	77,682,047	72,155,721	5,526,326	55,992,611	16,163,110
Net Position at End of Year	\$ 81,958,592	\$ 77,682,047	\$ 4,276,545	\$ 72,155,721	\$ 5,526,326

Revenues

Operating revenues increased to \$4.4 million in the fiscal year ended June 30, 2022, as compared to \$2.9 million in the fiscal year ended June 30, 2021. This increase was due to the recovery of fixed route transit ridership and associated increase in fare revenue. There was also an increase in contractual compensation from Golden Gate Bridge Highway and Transportation District due to increasing paratransit demand and associated costs.

The District's nonoperating revenues grew for the fiscal years ended June 30, 2022 and June 30, 2021. The increase in the fiscal year ended June 30, 2022, is primarily due to additional state revenue for operations and additional funding claimed to offset the costs from programs that restarted following suspension during the COVID-19 pandemic. The increase in the fiscal year ended June 30, 2021, was due to federal relief funds.

The majority of construction and vehicle acquisitions are funded with capital contributions from other governmental units such as federal, state, and local agencies. Therefore, capital contribution revenue is tied to the District's capital purchases, which naturally fluctuate over time. In the fiscal year ended June 30, 2020, the District purchased a vehicle parking facility and received a large number of vehicles, resulting in a large spike in capital contributions.

Expenses

Operating expenses increased in the fiscal year ended June 30, 2022, due to increased purchased transportation costs from returning to pre-pandemic service levels and amendments to increase labor rates and increased fuel costs due to both more service and increased prices. During the fiscal year ended June 30, 2021, although there was some recovery from initial pandemic impacts, it was a full year of operation impacted by COVID-19 with lower purchased transportation and fuel costs due to service cancelations and reduced ADA paratransit service demand.


In the fiscal year ended June 30, 2022 and June 30, 2021, Marin Transit had no significant changes in salary and benefits and other administrative costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Summary of Capital Assets (net of depreciation)

	Balance at June 30, 2022	Balance at June 30, 2021	Balance at June 30, 2020
Nondepreciable			
Land	\$ 3,027,166	\$ 1,550,836	\$ 1,550,836
Work in progress	6,132,780	673,962	206,286
Total Nondepreciable	9,159,946	2,224,798	1,757,122
Capital Assets Being Depreciated			
Revenue vehicles	23,518,043	26,419,635	25,378,696
Facilities and stops	7,517,652	7,838,121	8,202,276
Communication and data equipment	623,807	621,442	682,904
Fare revenue collection equipment	5,875	13,226	29,568
Furniture and fixtures	126,604	24,073	29,318
Administrative buildings	3,519,724	3,673,033	3,882,921
Maintenance buildings	1,908,426	-	-
Non-revenue vehicles	-	80,901	180,087
Total Capital Assets Being Depreciated	37,220,131	38,670,431	38,385,770
Right-to-use Leased Assets Being Amortized			
Office space	872,145	-	-
Total Right-to-use Leased Asset Being Amortized	872,145	-	-
Capital Assets, Net	\$ 47,252,222	\$ 40,895,229	\$ 40,142,892



The District's investment in capital assets amounted to \$47,252,222 and \$40,895,229 as of June 30, 2022 and 2021, respectively (net of accumulated depreciation). This investment in capital assets includes vehicles, facilities and stops, communication and data equipment, fare revenue collection equipment, and furniture and fixtures. Net assets increased in the fiscal year ended June 30, 2022 by 16% after increasing 2% in the fiscal year ended June 30, 2021.

The most significant additions to the District's capital costs in the fiscal year ended June 30, 2022, were in Work in Progress with the purchase of four 40 foot electric transit buses and improvements to the District's facilities. The most significant additions to the District's capital costs in the year ended June 30, 2021, were the purchase of 15 paratransit vehicles, nine shuttle vehicles and four rural XHF vehicles. More detail on capital costs for the fiscal years ended June 30, 2022 and June 30, 2021, is included on page 21 of this report.

Debt Administration

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET


The COVID-19 pandemic created uncertainty for District revenues and transit demand levels. The District entered this period of disruption in a strong financial position and federal relief funding along with significant reserves allowed the District to continue to provide services. The significant uncertainties and fluctuations that were central to the budget cycles during the first two years of the pandemic have calmed. While ridership is not at pre-COVID levels, in June 2022, fixed route ridership was more than 80% of normal and demand response ridership is continuing to recover. Fixed route programs have all been restored and the fiscal year ended June 30, 2023 budget reflects current service demand, back fills for regional routes that are not being restored and addresses long term sustainability. Paratransit demand continues only about 50% of pre-COVID demand. Marin Transit's contract service operations expenses continue to be the District's largest expense and are 78% of operations costs. Marin Transit operations contracts are in option years and the District will implement a new paratransit contract next year and begin procurement of new fixed route contracts.

Marin County voters passed Measure AA on November 6, 2018, to reauthorize and extend the local transportation sales tax for 30 years. The new measure continues to prioritize local transit and the expenditure plan specifies that 55 percent of allocated sales tax revenues will go to local transit. Sales tax revenue in Marin County has continued to provide stable operation revenues throughout the pandemic.

Local sales tax revenues have grown, state operations revenues have increased, and the budget includes the final expenditure of federal relief funds. Offsetting the strong revenue growth, inflation is at record highs and driving labor shortages that translate to increases in purchased transportation costs and challenges maintaining service quality.

The District's long term financial stability is less certain and there are increasing challenges due to the tight labor market. It is increasingly difficult for our contractors to hire and retain frontline staff. This challenge is manifesting in missed service, difficulty adding service, increased costs to our contractors, and ultimately increased costs for the District as purchased transportation contracts are rebid or renegotiated.

The lack of ownership of sufficient zero emission bus charging, parking, and maintenance facilities continues to be a critical vulnerability in ensuring long term financial stability. The District purchased the Rush Landing bus parking facility in the fiscal year ended June 30, 2020, and purchased a paratransit maintenance facility, in San Rafael and initiated a purchase of a small parking facility adjacent to the paratransit maintenance facility in the fiscal year ended June 30, 2022. The District still needs an electric vehicle charging and fixed route maintenance facility.



The District adopted the Short Range Transit Plan (SRTTP) on February 3, 2020. The 2020-2029 SRTTP provides framework for service and capital planning for the next ten years. Financial projections are updated and a financially constrained plan and priorities for services and projects are established for potential future new revenues. The SRTTP financial plan guides financial decision-making for the agency and is the basis for analyzing longer range financial impacts of changes in costs and revenues. The SRTTP is updated every two to four years.

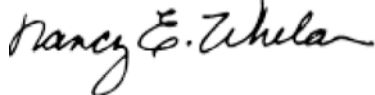
The District always continues to evaluate all services provided with an emphasis on improving the efficiency and convenience of the transit system for riders. Staff provides regular quarterly financial updates to the Board of Directors to monitor the District's financial position. During this pandemic, the District has been monitoring services and revenues carefully to ensure the District is prepared to adjust services as revenue projections stabilize. The District continues to provide the highest levels of local bus service possible while ensuring financial stability.

REQUESTS FOR INFORMATION

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

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

Respectfully submitted,



Nancy Whelan
General Manager

BASIC FINANCIAL STATEMENTS

**MARIN COUNTY TRANSIT DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021**

ASSETS	2022	2021
CURRENT ASSETS:		
Cash, cash equivalents, and investments	\$ 28,577,971	\$ 25,892,366
Accounts receivable:		
State grants	-	10,510
Transportation Authority of Marin	5,499,247	10,223,462
Federal grants	2,983,802	862,124
Golden Gate Bridge Highway and Transit District	904,562	375,332
County of Marin	2,299,361	-
Other receivables	829,244	682,085
Prepaid expenses	8,229	2,983,557
Total Current Assets	41,102,416	41,029,436
NONCURRENT ASSETS:		
Net pension asset (Note 8)	-	12,047
Capital assets:		
Not depreciated	9,159,946	2,224,798
Depreciated, net	37,220,131	38,670,431
Right-to-use leased asset, net	872,145	-
Total capital assets	47,252,222	40,895,229
Total Noncurrent Assets	47,252,222	40,907,276
Total Assets	88,354,638	81,936,712
DEFERRED OUTFLOWS OF RESOURCES (Note 8):	\$ 148,898	\$ 6,088
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 88,503,536	\$ 81,942,800
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	\$ 4,834,429	\$ 2,920,056
Accrued payroll and benefits	88,945	86,407
Unearned revenue	466,327	1,121,010
Compensated absences - current portion	100,856	110,521
Lease liability - current portion	166,207	-
Total Current Liabilities	5,656,764	4,237,994
NONCURRENT LIABILITIES:		
Compensated absences - noncurrent portion	2,560	22,759
Lease liability - noncurrent portion	707,179	-
Net pension liability	178,441	-
Total Noncurrent Liabilities	888,180	22,759
Total Liabilities	6,544,944	4,260,753
NET POSITION:		
Net investment in capital assets	46,378,836	40,895,229
Unrestricted	35,579,756	36,786,818
Total Net Position	\$ 81,958,592	\$ 77,682,047

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

**MARIN COUNTY TRANSIT DISTRICT
STATEMENTS OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
OPERATING REVENUES:		
Transit fares	\$ 2,494,806	\$ 1,456,012
Contractual compensation	1,607,414	1,291,815
Special fares	258,493	193,008
School bus services revenues	46,112	-
	4,406,825	2,940,835
OPERATING EXPENSES:		
Purchased transportation services	24,818,237	23,220,993
Depreciation and amortization	4,784,362	4,479,124
Salaries and benefits	2,527,315	2,435,258
Fuel	2,997,169	1,891,121
Professional services	1,696,700	1,571,188
General and administrative	411,724	345,271
Utilities	205,875	193,029
Marketing	56,052	96,231
Leases and rentals	143,874	140,532
Other services	51,120	23,115
Casualty and liability costs	79,764	66,488
Maintenance costs	167,280	39,422
Capital costs	20,455	16,696
	37,959,927	34,518,468
OPERATING LOSS	(33,553,102)	(31,577,633)
NONOPERATING REVENUES (EXPENSES):		
Intergovernmental revenue	26,855,061	26,303,660
Property tax revenue	5,382,566	5,025,293
Advertising	232,513	201,573
Rental income	320,663	337,195
Interest income	14,463	125,929
Interest expense	(1,552)	-
Gain on disposal of capital assets	32,281	110,250
Pass through of Measure AA funds	(591,935)	(232,085)
	32,244,060	31,871,815
Total nonoperating revenues (expenses)		
	32,244,060	31,871,815
CAPITAL CONTRIBUTIONS:		
Intergovernmental revenue	5,563,381	5,225,566
Other revenue	22,206	6,578
	5,585,587	5,232,144
Total capital contributions		
	5,585,587	5,232,144
Change in Net Position	4,276,545	5,526,326
NET POSITION:		
Beginning of year	77,682,047	72,155,721
End of year	\$ 81,958,592	\$ 77,682,047

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

**MARIN COUNTY TRANSIT DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 1,997,569	\$ 2,176,395
Cash receipts from contracts	1,607,414	1,291,815
Cash receipts from rent and leases	320,663	337,195
Cash paid for purchased transportation service	(24,845,563)	(23,234,242)
Cash paid to suppliers for goods and services	(5,830,013)	(4,383,093)
Cash paid to employees for services	2,410,064	(6,131,430)
	(24,339,866)	(29,943,360)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Property taxes received	5,382,566	5,025,293
Intergovernmental revenues received	26,280,095	27,840,947
	31,662,661	32,866,240
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from sale of capital assets	32,281	110,250
Acquisition of capital assets	(10,239,136)	(5,231,461)
Payment of lease liability	(28,833)	-
Payment of interest expense	(1,552)	-
Capital contribution revenues received	5,585,587	5,232,144
	(4,651,653)	110,933
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income received	14,463	125,929
	14,463	125,929
Net Cash Provided by Investing Activities	14,463	125,929
Net Increase in Cash, Cash Equivalents, and Investments	2,685,605	3,159,742
CASH, CASH EQUIVALENTS, AND INVESTMENTS:		
Beginning balance	25,892,366	22,732,624
Ending balance	\$ 28,577,971	\$ 25,892,366

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

**MARIN COUNTY TRANSIT DISTRICT
STATEMENT OF CASH FLOWS (Continued)
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	\$ (33,553,102)	\$ (31,577,633)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization	4,784,362	4,479,124
Rent and lease receipts	320,663	337,195
(Increase) Decrease in accounts receivable	(147,159)	260,108
Decrease (Increase) in prepaid expenses	2,975,328	(2,846,675)
Decrease (Increase) in net pension liability (asset)	47,678	(18,135)
Increase (Decrease) in accounts payable	1,914,373	(831,362)
Increase (Decrease) in accrued payroll and benefits	2,538	(10,683)
(Decrease) Increase in unearned revenue	(654,683)	267,267
Decrease in compensated absences	(29,864)	(2,566)
	\$ (24,339,866)	\$ (29,943,360)

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

**MARIN COUNTY TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. *Reporting Entity*

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

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

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

Golden Gate Bridge Highway and Transportation District (Golden Gate): Since 1971, the District has contracted with Golden Gate to provide local transit services. In May of 2015, the District and Golden Gate entered into an agreement for transit services for the period July 1, 2014 through June, 30, 2020, that contained options to extend the contract for two additional one-year periods. As of June 30, 2022, both option years have been executed, and an amendment has been executed extending the contract through December 31, 2022, to allow more time for the negotiation of a new interagency agreement. The agreement specifies a rate per revenue hour and range of minimum and maximum revenue hours to be incurred each fiscal year for the term of the agreement and the two option years. The contract provides for a 2.7% increase in the rate per revenue hour annually. Fuel, capital costs, customer service, as well as San Rafael Transit Center security, maintenance, and utilities are separately compensated under the agreement in addition to the rate per revenue hour. The District sets the fare structure and rates, and establishes the service levels and the frequency of local transit services. Golden Gate collects passenger fares for the District's routes and the District's portion of State funding and applies them toward the District's obligation to Golden Gate.

Under the terms of the yearly agreements in place for the fiscal years ended June 30, 2022 and 2021, Golden Gate operated six local fixed routes. The total cost of local bus transit service under these agreements during the fiscal years ended June 30, 2022 and 2021, was \$11,385,515 and \$9,687,814, respectively. Related fare revenue, advertising revenue, and other revenue earned for the fiscal years ended June 30, 2022 and 2021, was \$3,142,327 and \$2,343,469, respectively. Golden Gate was compensated for operating costs based on revenue hours incurred multiplied by a rate per hour specified. The District also pays for customer service, operation of the San Rafael Transit Center, fuel and electrical power costs and a contribution to capital assets purchased before the agreement.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Transdev Transportation, Inc.: The District signed a new competitive bid contract with Transdev Transportation, Inc. (Transdev) on September 13, 2021. Paratransit service and associated Marin Access programs transitioned to Transdev on February 1, 2022. The Transdev contract is 3 years and five months with 3 one-year options. Transdev operates services out of a District owned maintenance facility (3000 Kerner) and parks vehicles at locations owned by Golden Gate. Paratransit services consist of demand responsive services for the disabled, which meets the requirements of the ADA and other federal provisions. Under the contract, Transdev provides the paratransit services and collected all the fare revenues. Transdev bills the District monthly for the net cost of services on an agreed-upon monthly fixed fee plus an hourly rate. The District receives reimbursement from Golden Gate for the actual cost of the inter-county (regional) portion of this service and a portion of the local paratransit services.

Marin Senior Coordinating Council, Inc.: The District's contract with Marin Senior Coordinating Council, Inc., (MSCC, also known as "Whistlestop") since 2009 to provide local paratransit services ended January 31, 2022. The contract was competitively bid, with a most recent contract start date of January 1, 2016. The contract has a 4 ½ year term with two one-year options. Paratransit services consist of demand responsive services for the disabled, which meets the requirements of the ADA and other federal provisions. Under the contract, MSCC provided the paratransit services and collected all the fare revenues. MSCC bills the District monthly for the net cost of services on an agreed-upon hourly basis.

MV Transportation, Inc.: MV Transportation, Inc., operates turn-key service on the Muir Woods Shuttle, Local Fixed Route Service, and Rural Service. This includes two rural routes established by the District and paid for in part by Federal Section 5311 Rural funding. This three-year contract, with two option years, was awarded in 2018 through a competitive bid process. 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: Marin Airporter operates Local Fixed Route service and Community Shuttle Service. Marin Airporter has operated the Community Shuttle Service since 2006. The current three-year contract with two option years was awarded in 2018 through a competitive bid process. Fare revenue on this service is collected through the District's GFI fare box system and is deposited directly into the District's account.

Michael's Transportation Services: Michael's Transportation Services provides a six-yellow bus service to the Ross Valley School District. The current three-year contract, with two option years, was awarded in 2018 through a competitive bid process. Fare revenue on this service is collected through District pass sales and deposited into the District's account.

B. Joint Ventures

The District participates in two joint ventures. One joint venture is for risk management as disclosed in Note 11. The second joint venture is the Marin Emergency Radio Authority (the Authority). The Authority is responsible for acquiring, constructing, improving, and operating a countywide emergency radio system. During the fiscal year ended June 30, 1999, the Authority issued Revenue Bonds to be used for the acquisition of the radio system. The District is responsible for a 1.18% share of the annual contributions to the Authority for operations, which also covers debt payments. The amount of the contribution is disclosed in Note 12. The District is not directly responsible for liabilities of the Authority and only has a residual equity interest in the Authority that would result in the District's proportional share of residual assets being distributed to the District, if any, if the members vote to terminate the Authority. The Authority issues separate financial statements, which are available at: Marin Emergency Radio Authority, c/o Novato Fire Protection District, 95 Rowland Way, Novato, California 94945 or www.meraonline.org/contact.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Basis of Presentation*

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

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

D. *Basis of Accounting*

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

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

E. *Cash and Cash Equivalents*

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Prepaid Expenses

Prepaid expenses are costs paid as of the Statement of Net Position date that are related to future accounting periods. Prepaid expenses at June 30, 2022 and 2021, consisted mainly of prepaid software maintenance costs.

G. Capital Assets

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

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

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

Occasionally, the District reimburses other organizations for the purchases of vehicles, facilities, and other assets. For the reimbursements in which the District does not own the assets, the transaction is recorded as capital costs within operating expenses on the Statement of Activities and Changes in Net Position.

H. Unearned Revenue

Unearned revenue at June 30, 2022, was primarily other State funding from State of Good Repair program (Note 9) for upcoming replacement of 40ft transit buses and funds from yellow bus pass sales for service in fiscal year ending June 30, 2023. Other unearned revenue at June 30, 2022, was Low Carbon Transit Operations Program (LCTOP) funds and security deposit fees for Rush Landing. Unearned revenue at June 30, 2021, was primarily Low Carbon Transit Operations Program (LCTOP) funds for the purchase of 40ft electric transit vehicles expected to be delivered in the next fiscal year. Other unearned revenue at June 30, 2022, was College of Marin Student fees for transit service, security deposit fees for Rush Landing.

I. Compensated Absences

At June 30, 2022 and 2021, the District's employment policy allows employees to accumulate earned, but unused, vacation leave time. Vacation accrues at a rate of 80 hours per year until the third consecutive year of employment when an additional 40 hours are earned. Administrative leave and sick leave is provided to employees, but is not payable at separation or retirement and is not accrued as part of compensated absences. The current portion of the long-term liability is estimated based on historical trends.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. *Property Taxes*

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

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

K. *Measure AA (Previously Measure A)*

The County's voters passed a ½ cent sales tax measure (Measure A) in 2004 to provide local funding and investment for transportation infrastructure and programs. The tax went into effect on April 1, 2005, and lasts for a period of 20 years. Under the sales tax expenditure plan, fifty-five percent (55%) of Measure A was available for Local Transit service.

The County's voters reauthorized and extended the ½ cent sales tax measure for 30 years in November 2018. The tax (Measure AA) went into effect March 1, 2019, with a period of 30 years and replaces Measure A. Under the updated sales tax expenditure plan, fifty-five percent (55%) of Measure AA is available for Transit with forty-five and ½ percent (45.5%) available for Local Transit service. The Transportation Authority of Marin (TAM) is the transportation sales tax authority in the County. TAM makes Measure AA funding available to the District based on projections, and adjusts future year balances to account for actual receipts. The District requests Measure AA funds on a reimbursement basis and does not carry an unspent balance of these funds.

L. *Measure B*

In 2010, the County's voters approved Measure B, the Vehicle Registration Fee Initiative that collects \$10 annually for each vehicle registered in the County for the purpose of improving transportation within the County. The TAM board adopted the Measure B Expenditure Plan on July 28, 2011, and is effective for 10 years. The Measure B Expenditure Plan designates 35% of the funds generated to be used to fund senior and disabled transportation services in the County, and the District 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.

M. *Net Position*

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Net Position (Continued)

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Emergency reserve	\$ 5,896,957	\$ 5,852,845
Contingency reserve	11,793,919	11,705,690
Capital reserve	<u>17,888,880</u>	<u>19,228,283</u>
	<u>\$ 35,579,756</u>	<u>\$ 36,786,818</u>

N. Use of Estimates

The preparation of the financial statements in conformity with GAAP 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.

O. Reclassifications

Certain amounts in 2021 have been reclassified to conform to the 2022 financial statement presentation. The reclassifications had no effect on total net position or change in net position.

P. New Accounting Pronouncements – Implemented

GASB Statement No. 87 – Leases. The requirements of this statement were originally effective for periods beginning after June 15, 2021. The District implemented the provisions of GASB Statement No. 87 in the current year. See Note 4 for detailed discussion of the effects of the District's financial statements as a result of implementing this standard.

GASB Statement No. 93 – Replacement of Interbank Offered Rates. The requirements of this statement were originally effective for periods beginning after June 15, 2020. GASB Statement No. 95 delayed the effective date to June 15, 2021. The District implemented the provisions of GASB Statement No. 93 in the current year.

GASB Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans. The requirements in paragraph 4 as it applies to defined contribution plans, defined contribution OPEB plans, and other employee benefit plans, and paragraph 5 are effective immediately. All other requirements are applicable for fiscal years beginning after June 15, 2021. There was no impact on the District's financial statements as a result of implementing of GASB Statement No. 97.

Q. Future Accounting Pronouncements

The GASB Statements listed below will be implemented in future financial statements:

GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The requirements of this statement are effective for periods beginning after June 15, 2022. The District will implement GASB Statement No. 94 if and where applicable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. *Future Accounting Pronouncements* (Continued)

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. The requirements of this statement are effective for periods beginning after June 15, 2022. The District will implement GASB Statement No. 96 if and where applicable.

GASB Statement No. 91 – *Conduit Debt Obligations*. The requirements of this statement were originally effective for periods beginning after December 15, 2020. GASB Statement No. 95 delayed the effective date to December 15, 2021. The District will implement GASB Statement No. 97 if and where applicable.

GASB Statement No. 99 – *Omnibus 2022*. The requirements of this statement are effective as follows:

- The requirements related to the extension of the use of LIBOR, accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in GASB Statement No. 34, as amended, and terminology updates related to GASB Statement No. 53 and GASB Statement No. 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for periods beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53 are effective for periods beginning after June 15, 2023, and all periods thereafter.

The District will implement GASB Statement No. 99 if and where applicable.

GASB Statement No. 100 – *Accounting Changes and Error Corrections*. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all periods thereafter. Earlier application is encouraged. The District will implement GASB Statement No. 100 if and where applicable.

GASB Statement No. 101 – *Compensated Absences*. The requirements of this statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The District will implement GASB Statement No. 101 if and where applicable.

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash, cash equivalents, and investments as of June 30, 2022 and 2021, consist of the following:

	<u>2022</u>	<u>2021</u>
Cash on hand	\$ 23	\$ 23
Bank deposits	6,284,857	3,038,383
County of Marin investment pool	<u>22,293,091</u>	<u>22,853,960</u>
Total Cash, Cash Equivalents, and Investments	<u>\$ 28,577,971</u>	<u>\$ 25,892,366</u>

Investment in the County of Marin Investment Pool

The District's Financial Management Policies indicate the District will invest excess funds in the County's investment pool. The County's investment pool is monitored and reviewed by a Treasury Oversight Committee (Committee). The Committee and County Board of Supervisors review and approve the County's investment policy yearly. The County's investment pool is not registered by the Securities and Exchange Commission. Interest earned on the pool is allocated to participants quarterly using the

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

Investment in the County of Marin Investment Pool (Continued)

average daily cash balance of each fund. Investments held in the County's investment pool are available on demand to the District and are stated at amortized cost, which approximates fair value. The investment in the County pool is withdrawn on the amortized cost basis, which is different than the fair value of the District's investment in the pool. More information about the County's investment pool can be found in the notes to the County's basic financial statements at <https://www.marincounty.org>.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2022 and 2021, the weighted average maturity of the investments contained in the County's investment pool was approximately 236 and 218, respectively.

Credit risk

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

Custodial credit risk

Custodial risk is the risk that the government will not be able to recover its deposits or the value of its investments that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of government investment pools (such as the County's investment pool). At June 30, 2022 and 2021, the carrying amount of the District's deposits was \$6,284,857 and \$3,038,383, respectively, and the balance in the financial institutions was \$6,316,160 and \$3,115,195, respectively. Of the balances in financial institutions, \$250,000 at June 30, 2022 and 2021, was covered by federal depository insurance and the remaining amount was secured by a pledge of securities by the financial institution, but not in the name of the District.

NOTE 3 – CAPITAL ASSETS

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

	Balance July 1, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Nondepreciable:					
Land	\$ 1,550,836	\$ 1,323,613	\$ -	\$ 152,717	\$ 3,027,166
Work in progress	673,962	5,961,113	-	(502,295)	6,132,780
Total Capital Assets, Not Being Depreciated	<u>2,224,798</u>	<u>7,284,726</u>	<u>-</u>	<u>(349,578)</u>	<u>9,159,946</u>
Capital Assets, Being Depreciated:					
Revenue vehicles	40,972,893	947,774	(1,158,796)	5,798	40,767,669
Facilities and stops	9,310,585	-	-	-	9,310,585
Communication and data equipment	1,522,292	81,037	(32,189)	157,126	1,728,266
Fare revenue collection equipment	434,929	-	-	-	434,929
Furniture and fixtures	123,907	108,863	-	-	232,770
Administrative Buildings	3,987,865	57,700	-	-	4,045,565
Maintenance Buildings	-	1,759,036	-	186,654	1,945,690
Non-revenue vehicles	396,744	-	-	-	396,744
Total Capital Assets, Being Depreciated	<u>56,749,215</u>	<u>2,954,410</u>	<u>(1,190,985)</u>	<u>349,578</u>	<u>58,862,218</u>
Less Accumulated Depreciation:					
Revenue vehicles	(14,553,258)	(3,855,164)	1,158,796	-	(17,249,626)
Facilities and stops	(1,472,464)	(320,469)	-	-	(1,792,933)
Communication and data equipment	(900,850)	(235,798)	32,189	-	(1,104,459)
Fare revenue collection equipment	(421,703)	(7,351)	-	-	(429,054)
Furniture and fixtures	(99,834)	(6,332)	-	-	(106,166)
Administrative Buildings	(314,832)	(211,009)	-	-	(525,841)
Maintenance Buildings	-	(37,264)	-	-	(37,264)
Non-revenue vehicles	(315,843)	(80,901)	-	-	(396,744)
Total Accumulated Depreciation	<u>(18,078,784)</u>	<u>(4,754,288)</u>	<u>1,190,985</u>	<u>-</u>	<u>(21,642,087)</u>
Total Capital Assets, Being Depreciated, Net	<u>38,670,431</u>	<u>(1,799,878)</u>	<u>-</u>	<u>349,578</u>	<u>37,220,131</u>
Right-to-use leased assets, amortizable:					
Office space	-	902,219	-	-	902,219
Total Right-to-use Leased Assets, Being amortizable	<u>-</u>	<u>902,219</u>	<u>-</u>	<u>-</u>	<u>902,219</u>
Less Accumulated Amortization:					
Office space	-	(30,074)	-	-	(30,074)
Total Right-to-use Leased Assets, Amortizable net	<u>-</u>	<u>872,145</u>	<u>-</u>	<u>-</u>	<u>872,145</u>
Total Capital Assets, Net	<u>\$ 40,895,229</u>	<u>\$ 6,356,993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,252,222</u>

Depreciation and amortization expense for the fiscal year ended June 30, 2022, was \$4,784,362.

NOTE 3 – CAPITAL ASSETS (Continued)

	Balance July 1, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Nondepreciable:					
Land	\$ 1,550,836	\$ -	\$ -	\$ -	\$ 1,550,836
Work in progress	206,286	640,878	-	(173,202)	673,962
Total Capital Assets, Not Being Depreciated	1,757,122	640,878	-	(173,202)	2,224,798
Capital Assets, Being Depreciated:					
Revenue vehicles	38,400,723	4,556,239	(2,008,403)	24,334	40,972,893
Facilities and stops	9,425,818	-	(115,233)	-	9,310,585
Communication and data equipment	1,875,943	34,344	(536,863)	148,868	1,522,292
Fare revenue collection equipment	434,929	-	-	-	434,929
Furniture and fixtures	123,907	-	-	-	123,907
Buildings	3,987,865	-	-	-	3,987,865
Non-revenue vehicles	396,744	-	-	-	396,744
Total Capital Assets, Being Depreciated	54,645,929	4,590,583	(2,660,499)	173,202	56,749,215
Less Accumulated Depreciation and Amortization:					
Revenue vehicles	(13,022,027)	(3,539,634)	2,008,403	-	(14,553,258)
Facilities and stops	(1,223,542)	(364,155)	115,233	-	(1,472,464)
Communication and data equipment	(1,193,039)	(244,674)	536,863	-	(900,850)
Fare revenue collection equipment	(405,361)	(16,342)	-	-	(421,703)
Furniture and fixtures	(94,589)	(5,245)	-	-	(99,834)
Buildings	(104,944)	(209,888)	-	-	(314,832)
Non-revenue vehicles	(216,657)	(99,186)	-	-	(315,843)
Total Accumulated Depreciation and Amortization	(16,260,159)	(4,479,124)	2,660,499	-	(18,078,784)
Total Capital Assets, Being Depreciated, Net	38,385,770	111,459	-	173,202	38,670,431
Total Capital Assets, Net	\$ 40,142,892	\$ 752,337	\$ -	\$ -	\$ 40,895,229

Depreciation and amortization expense for the fiscal year ended June 30, 2021, was \$4,479,124.

NOTE 4 – LONG-TERM LIABILITY

Long-term liability activity was as follows for the fiscal years ended June 30, 2022 and 2021:

	Balance at July 1, 2021	Additions	Reductions	Balance at June 30, 2022	Due Within One Year
Lease liability	\$ -	\$ 902,219	\$ (28,833)	\$ 873,386	\$ 166,207
Compensated absences	133,280	122,429	(152,293)	103,416	100,856
	\$ 133,280	\$ 1,024,648	\$ (181,126)	\$ 976,802	\$ 267,063
	Balance at July 1, 2020	Additions	Reductions	Balance at June 30, 2021	Due Within One Year
Compensated absences	\$ 135,846	\$ 116,162	\$ (118,728)	\$ 133,280	\$ 110,521

Lease liability

On April 4, 2022, the District entered into a contract lease for approximately 6,465 rentable square feet at 711 Grand Avenue for the location of Marin Transit's administrative offices. The term is for five years commencing May 1, 2022, and expiring April 30, 2027. The base rent is \$15,193 per month with a 2.1% annual escalation, due the first day of each month commencing May 1, 2022. In accordance with GASB Statement No. 87, the District recognized a right-to-use leased asset of \$902,219 and with related accumulated amortization \$30,074.

NOTE 4 – LONG-TERM LIABILITY (Continued)

At June 30, 2022, future minimum payments on the lease liabilities were as follows:

June 30,	Principal	Interest	Total
2023	\$ 166,207	\$ 16,753	\$ 181,206
2024	173,647	13,191	181,206
2025	181,246	9,472	181,128
2026	189,005	5,591	180,974
2027	163,281	1,576	165,296
	<u>\$ 873,386</u>	<u>\$ 46,583</u>	<u>\$ 889,810</u>

NOTE 5 – INTERGOVERNMENTAL REVENUE

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

	2022		
	Nonoperating	Capital	Total
Federal revenue:			
FTA			
Section 5307 (ADA Set-Aside)	\$ 802,802	\$ -	\$ 802,802
Section 5307 (Vehicle/Equipment purchase)	-	3,624,660	3,624,660
Section 5307 (CRRSAA)	3,654,814	-	3,654,814
Section 5307 (ARPA)	3,000,000	-	3,000,000
Section 5310 (CRRSAA)	45,354	-	45,354
Section 5310 (Mobility Management)	80,146	-	80,146
Section 5311 grant (Stagecoach operating)	228,695	-	228,695
Section 5311 (CRRSAA)	304,048	-	304,048
United States Department of the Interior			
National Park Service	290,671	-	290,671
National Park Service - Fare Revenue	178,535	-	178,535
Total federal revenue	<u>8,585,065</u>	<u>3,624,660</u>	<u>12,209,725</u>
State revenue:			
TDA	6,565,228	-	6,565,228
State Transit Assistance (STA)			
STA (Operations - Revenue Based)	1,500,000	-	1,500,000
STA (Operations - Population Based)	1,040,376	-	1,040,376
Paratransit	60,000	-	60,000
State of Good Repair (SGR)	-	44,718	44,718
State Renewable Energy Credits	13,528	-	13,528
Home Owner Property Tax Relief	18,412	-	18,412
Low Carbon Transit Operations Program (LCTOP)	-	1,315,115	1,315,115
California Department of Transportation (Caltrans)	216	-	216
Total state revenue	<u>9,197,760</u>	<u>1,359,833</u>	<u>10,557,593</u>
Local revenue:			
Measure AA			
Category 4.1 Bus Transit Service	3,232,824	-	3,232,824
Category 4.2 Rural/Recreational Bus Services	664,630	-	664,630
Category 4.3 Transit Services for Special Needs	2,767,189	-	2,767,189
Category 4.4 Bus Services to Schools	1,291,954	-	1,291,954
Category 4.5 Bus Transit Facilities	307,285	578,888	886,173
Measure B	808,354	-	808,354
Total local revenue	<u>9,072,236</u>	<u>578,888</u>	<u>9,651,124</u>
Total intergovernmental revenue	<u>\$ 26,855,061</u>	<u>\$ 5,563,381</u>	<u>\$ 32,418,442</u>

NOTE 5 – INTERGOVERNMENTAL REVENUE (Continued)

	2021		
	Nonoperating	Capital	Total
Federal revenue:			
FTA			
Section 5307 (ADA Set-Aside)	\$ 697,574	\$ -	\$ 697,574
Section 5307 (Preventative Maintenance)	70,520	-	70,520
Section 5307 (Vehicle/Equipment purchase)	-	2,730,820	2,730,820
Section 5307 (CARES)	7,320,184	-	7,320,184
Section 5310 (Mobility Management)	90,561	-	90,561
Section 5311 grant (Stagecoach operating)	228,695	-	228,695
Section 5311 (CARES)	800,000	-	800,000
Section 5320 (Transit in the Parks)	-	168,771	168,771
Section 5339 (Discretionary)	-	103,254	103,254
United States Department of the Interior			
National Park Service	14,177	-	14,177
National Park Service - Fare Revenue	5,755	-	5,755
Total federal revenue	9,227,466	3,002,845	12,230,311
State revenue:			
TDA	3,817,097	-	3,817,097
State Transit Assistance (STA)			
STA (Operations - Revenue Based)	853,985	94,089	948,074
STA (Operations - Population Based)	766,220	-	766,220
Paratransit	60,000	-	60,000
State of Good Repair (SGR)	-	508,958	508,958
State Renewable Energy Credits	14,010	-	14,010
Home Owner Property Tax Relief	18,541	-	18,541
California Department of Transportation (Caltrans)	217	-	217
Total state revenue	5,530,070	603,047	6,133,117
Local revenue:			
Measure A			
Strategy 1.1 (Local)	944,535	-	944,535
Strategy 1.3 (Special)	27,059	-	27,059
Strategy 1.4 (Capital)	134,574	68,575	203,149
Measure AA			
Category 4.1 Bus Transit Service	6,678,953	-	6,678,953
Category 4.2 Rural/Recreational Bus Services	564,320	-	564,320
Category 4.3 Transit Services for Special Needs	1,353,396	-	1,353,396
Category 4.4 Bus Services to Schools	562,535	-	562,535
Category 4.5 Bus Transit Facilities	370,073	1,551,099	1,921,172
Measure B	910,679	-	910,679
Total local revenue	11,546,124	1,619,674	13,165,798
Total intergovernmental revenue	\$ 26,303,660	\$ 5,225,566	\$ 31,529,226

NOTE 6 – RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS

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

Benefit terms, including contribution requirements, for the 401(a) Plan are established and may be amended by the District's Board. For each employee in the 401(a) Plan at the end of the 401(a) Plan year, the District is required to contribute 10% to 15% of annual salary, exclusive of overtime, to individual employee accounts. Employees are not permitted to make contributions to the 401(a) Plan. For the fiscal years ended June 30, 2022 and 2021, the District recognized pension expense of \$247,644 and \$238,421, respectively.

Employees are fully vested in employer contributions after six months of service. Non-vested District contributions are forfeited upon termination. Such forfeitures are first used to pay 401(a) Plan administrative expenses and any remaining forfeitures are used to reduce the required future employer contribution. There were no forfeitures for the fiscal years ended June 30, 2022 and 2021.

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

The District also contracted with the County and an independent entity called Local Government Services (LGS) for staffing until all contract employees were hired by the District during the fiscal year ended June 30, 2014. Pension and OPEB benefits were available to County and LGS contract employees. The District does not currently have a contract with the County that defines responsibility for OPEB benefits for County employees used by the District that may be payable upon separation. However, all former County employees retired or left the County's and District's service and the District does not believe a separation liability is applicable to the District. The contract with LGS stated that LGS is responsible for OPEB benefits for its employees used by the District. Refer to Note 7 for the pension plan for LGS contract employees.

NOTE 7 – PENSION PLAN

A. General Information about the Pension Plan

Plan Description and Benefits Provided

The Marin County Transit District Service Credit Retirement Plan (the Plan) is a closed single employer pension plan sponsored by the District for the benefit of leased employees who provided services to the District. The Plan covers employees that worked between November 2006 and October 2013.

The Plan's provisions and benefits in effect at June 30, 2022, are summarized as follows:

	<u>All Members</u>
Benefit Formula	2%@55
Benefit Vesting Schedule	5 years service
Benefit Payments	monthly for life
Retirement Age	50
Monthly Benefits, as a Percentage of Eligible Compensation	1.426%-2.418
Required Employee Contribution Rates	N/A
Required Employer Contribution Rates	N/A

NOTE 7 – PENSION PLAN (Continued)

A. General Information about the Pension Plan (Continued)

Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the benefit terms.

	<u>2022</u>
Retirees and Beneficiaries Currently Receiving Benefits	-
Vested Inactives Entitled to Deferred Annuity Benefits	4
Non-Vested Inactives who may Become Entitled to Deferred Annuity Benefits	1
Active Employees	-
	<hr/>
Total	<u>5</u>

Contributions

Employer contributions to the Plan are actuarially determined using the Entry-Age Normal Actuarial Cost Method (level % of pay). Under this method, any unfunded liability is amortized on an open basis in level dollar installments over 15 years beginning on July 1, 2021.

B. Net Pension (Asset) Liability

The total pension liability was determined by a roll forward of results from an actuarial valuation as of July 1, 2022, using the following actuarial assumptions:

Valuation Date	July 1, 2022
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal (level % of pay)
Actuarial Assumptions:	
Discount Rate	6.00%
Inflation	2.50%
Payroll Growth	Rates from 2021 CalPERS Experience Study, Public Agency Miscellaneous
Pre-Retirement Mortality	None
Post-Retirement Mortality	Rates from the 2017 CalPERS Experience Study - Health Retiree and Beneficiary Mortality

⁽¹⁾ Derived from 2017 California Public Employees Retirement System (CalPERS) Experience Study, Public Agency Miscellaneous, that vary by entry age and service. 2.75% Wage Inflation added to the following rates:

<u>Service</u>	<u>Rate</u>
0	6.2%
3	3.8%
5	2.8%
10	1.3%
15	1.0%
20	0.8%
25	0.7%
30	0.5%

NOTE 7 – PENSION PLAN (Continued)**B. Net Pension (Asset) Liability** (Continued)*Long-Term Expected Rate of Return*

The long-term expected rate of return on pension plan investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumed asset allocation and best estimates of arithmetic real rates of return for each major asset class included in the Plan's asset allocation as of July 1, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash/Short Bond	10%	-0.59%
Core Bond	9%	0.71%
High Yield Bond	9%	2.42%
Large Cap Equity	18%	4.05%
Small/Mid Cap Equity	36%	4.43%
International Equity	18%	4.53%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.00 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the current actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

C. Changes in the Net Pension (Asset) Liability

The changes in the net pension (asset) liability for the Plan are as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension (Asset) Liability</u>
Balance at July 1, 2021	\$ 303,360	\$ 315,407	\$ (12,047)
Changes in the Year:			
Interest on the Total Pension Liability	19,718	-	19,718
Changes in Assumptions	52,512	-	52,512
Other Liability Experience (Gain)/Loss	72,196	-	72,196
Administrative Expenses	-	(7,750)	7,750
Expected Investment Return	-	20,254	(20,254)
Investment Experience (Loss)/Gain	-	(58,566)	58,566
Net Changes	<u>144,426</u>	<u>(46,062)</u>	<u>190,488</u>
Balance at June 30, 2022	<u>\$ 447,786</u>	<u>\$ 269,345</u>	<u>\$ 178,441</u>

NOTE 7 – PENSION PLAN (Continued)

C. Changes in the Net Pension (Asset) Liability (Continued)

Sensitivity of the District’s Proportionate Share of the Net Pension (Asset) Liability to Changes in the Discount Rate

The following presents the net pension (asset) liability of the Plan, calculated using the discount rate of 6.00 percent, as well as the net pension (asset) liability calculated using a discount rate that is 1.0 percentage point lower (5.00%), and 1.0 percentage point higher (7.00%) than the current rate:

	1% Decrease 5.00%	Current Rate 6.00%	1% Increase 7.00%
Net Pension Liability	\$ 292,958	\$ 178,441	\$ 91,063

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separate financial report.

D. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2022, the District recognized pension expense of \$47,678. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Actual and Expected Experience	\$ 56,433	\$ -
Changes in Assumptions	41,046	-
Net Differences between Projected and Actual Earnings on Plan Investments	51,419	-
Total	<u>\$ 148,898</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ended June 30	
2023	\$ 40,464
2024	40,464
2025	40,464
2026	27,506
2027	-
Thereafter	-
Total	<u>\$ 148,898</u>

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Commitments

The District has the following commitments as of June 30:

<u>Contractor</u>	<u>Purpose</u>	<u>2022</u>	<u>2021</u>
Golden Gate	Local fixed route service	\$ 5,320,311	\$ 9,641,292
Vivalon (formerly Whistlestop)	Paratransit service	-	2,423,230
Vivalon (formerly Whistlestop)	Travel Navigator, Volunteer Driver	-	339,442
Transdev Services, Inc.	Marin Access Service Operations	20,957,817	-
Gillig	Electric buses	-	3,653,424
Gillig	Vehicle Chargers	-	259,453
Marin Airporter	Shuttle and fixed route services	9,541,922	6,826,270
MV Transportation, Inc.	Rural and seasonal transit service	3,300,000	3,493,208
Blinktag		170,000	-
Strahm Revocable Trust	PSA for 3000 Kerner Blvd	-	3,250,000
Michael's Transportation Services	Yellow bus service	-	-
In Defense of Animals	PSA for 3010/3020	3,500,000	-
Arntz Builders	Construction - 600 Rush Landing	183,985	-
Mark Thomas	General Engineering Services	1,200,000	338,959
Creative Bus Sales	Vehicle replacements	-	859,153
Tiburon Peninsula Traffic Relief JPA	Measure AA School Funding	206,168	-
San Rafael City Schools	Measure AA School Funding	254,100	-
		<u>\$ 44,634,303</u>	<u>\$ 31,084,431</u>

Contingencies

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

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

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

Concentrations

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

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

NOTE 9 – OTHER STATE GRANTS

Low Carbon Transit Operations Program (LCTOP)

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

During the year ended June 30, 2022, the grant amount increased to \$1,338,884. LCTOP allocations of \$284,681 and \$553,396 were received in fiscal years 2022 and 2021, respectively, for the purchase of four electric transit buses and installation of a vehicle charging infrastructure. This was the third year of LCTOP funding added to the project. During the years ended June 30, 2022 and 2021, the District earned interest of \$465 and \$6,384, respectively, on deposits on unspent LCTOP funds. During the years ended June 30, 2022 and 2021, the District disbursed 1,315,115 and \$0, respectively.

As of June 30, 2022 and 2021, the District has \$40,960 and \$1,070,929, respectively, in unspent LCTOP funds.

Cumulative receipts and disbursements for the years ended June 30, 2022 and 2021, are as follows:

<u>Project Name</u>	<u>Grant Amount</u>	<u>Accumulated Allocations Received</u>	<u>Accumulated Interest Received</u>	<u>Accumulated Amounts Expended</u>	<u>Unexpended at June 30, 2022</u>
Four Electric Vehicles	<u>\$ 1,338,884</u>	<u>\$ 1,338,884</u>	<u>\$ 17,191</u>	<u>\$ (1,315,115)</u>	<u>\$ 40,960</u>
Total	<u>\$ 1,338,884</u>	<u>\$ 1,338,884</u>	<u>\$ 17,191</u>	<u>\$ (1,315,115)</u>	<u>\$ 40,960</u>

<u>Project Name</u>	<u>Grant Amount</u>	<u>Accumulated Allocations Received</u>	<u>Accumulated Interest Received</u>	<u>Accumulated Amounts Expended</u>	<u>Unexpended at June 30, 2021</u>
Four Electric Vehicles	<u>\$ 1,054,203</u>	<u>\$ 1,054,203</u>	<u>\$ 16,726</u>	<u>\$ -</u>	<u>\$ 1,070,929</u>
Total	<u>\$ 1,054,203</u>	<u>\$ 1,054,203</u>	<u>\$ 16,726</u>	<u>\$ -</u>	<u>\$ 1,070,929</u>

State of Good Repair (SGR)

The Road Repair and Accountability Act of 2017, SB 1 (Chapter 5, Statutes of 2017), signed by the Governor on April 28, 2017, includes a program that will provide additional revenues for transit infrastructure repair and service improvements. This investment in public transit will be referred to as the State of Good Repair program. In the fiscal years ending June 30, 2022 and 2021, the District was allocated \$283,399 and \$246,050 in SGR funds, respectively. During the years ended June 30, 2022 and 2021, the District earned interest of \$69 and \$1,659, respectively, on deposits of unspent SGR funds. The District expended funds of \$44,718 on purchasing replacement shuttles during 2022. The District expended \$556,290 on purchasing replacement shuttle and rural vehicles during 2021. At June 30, 2022 and 2021, the District had \$243,317 and \$4,567, respectively, in unexpended funds.

NOTE 9 – OTHER STATE GRANTS (Continued)**State of Good Repair (SGR) (Continued)**

Cumulative receipts and disbursements for the years ended June 30, 2022 and 2021, are as follows:

<u>Project Name</u>	<u>Funding Year</u>	<u>Grant Amount</u>	<u>Accumulated Allocations Received</u>	<u>Accumulated Interest Received</u>	<u>Accumulated Amounts Expended</u>	<u>Unexpended at June 30, 2022</u>
35ft Vehicle Replacements	FY 22	\$ 243,345	\$ 243,276	\$ 41	\$ -	\$ 243,317
Shuttle Purchases	FY 21	237,855	237,855	28	(237,883)	-
Total		<u>\$ 481,200</u>	<u>\$ 481,131</u>	<u>\$ 69</u>	<u>\$ (237,883)</u>	<u>\$ 243,317</u>

<u>Project Name</u>		<u>Grant Amount</u>	<u>Accumulated Allocations Received</u>	<u>Accumulated Interest Received</u>	<u>Accumulated Amounts Expended</u>	<u>Unexpended at June 30, 2021</u>
Shuttle Purchases	FY 21	\$ 245,064	\$ 197,732	\$ -	\$ (193,165)	\$ 4,567
40ft Vehicle Replacements	FY 20	261,478	261,478	21	(261,499)	-
Rural Vehicles	FY 19	100,470	100,470	4,106	(104,576)	-
Rural Vehicles	FY 18	212,678	212,678	7,309	(219,987)	-
Total		<u>\$ 819,690</u>	<u>\$ 772,358</u>	<u>\$ 11,436</u>	<u>\$ (779,227)</u>	<u>\$ 4,567</u>

NOTE 10 – RISK MANAGEMENT

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

CSAC is a public entity risk pool currently operating as a common risk management and insurance program for counties located throughout California. The purpose of CSAC is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group. The District's general liability insurance limit through CSAC was \$25,000,000 with a \$25,000 deductible at both June 30, 2022 and 2021. The District's claims have not exceeded the maximum insurance coverage, and there have been no reductions in insurance limits during the past three fiscal years.

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

NOTE 11 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS

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

NOTE 12 – RELATED PARTY TRANSACTIONS

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

Receivables from Golden Gate and TAM are listed on the face of the Statement of Net Position. TDA and STA revenues listed in Note 5 are received from Golden Gate as well as various FTA and state grants. Measure A and Measure B revenues listed in Note 5 are received from TAM.

The following table represents revenues, expenses, accounts payable, and unearned revenue to related agencies not separately reported in the Statements of Net Position and Statements of Activities and Changes in Net Position or Note 5:

	<u>2022</u>	<u>2021</u>
Revenues from related parties:		
Golden Gate:		
Fares	\$ 1,079,477	\$ 684,246
Paratransit contribution	926,442	693,171
Regional Paratransit Payment	660,433	574,546
Advertising	215,149	186,371
Other revenues	<u>260,826</u>	<u>205,135</u>
Total revenues from related parties	<u>\$ 3,142,327</u>	<u>\$ 2,343,469</u>
Expenses to related parties:		
Golden Gate - transit contract		
Local transit service operations	\$ 11,333,013	\$ 9,659,872
Vehicle repairs	24,288	11,246
Capital costs	32,214	16,696
County of Marin - fuel	1,844,264	1,616,538
Marin Emergency Radio Authority - emergency radio system payments	27,278	23,115
County of Marin - other expenses	47,937	20,291
Metropolitan Transportation Commission - clipper	<u>18,266</u>	<u>12,271</u>
Total expenses to related parties	<u>\$ 13,327,260</u>	<u>\$ 11,360,029</u>
Accounts payable to related parties:		
Golden Gate:		
Transit contract	\$ 1,743,267	\$ 1,581,856
County of Marin - miscellaneous	98,368	126,534
Metropolitan Transportation Commission - Clipper	<u>2,912</u>	<u>2,920</u>
Total accounts payable to related parties	<u>\$ 1,844,547</u>	<u>\$ 1,711,310</u>

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 17, 2022, the date these financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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**MARIN COUNTY TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION ASSET (LIABILITY) AND RELATED RATIOS
FOR THE LAST 10 YEARS ENDED JUNE 30, 2022***

	<u>Measurement Period 2021/22</u>	<u>Measurement Period 2020/21</u>
Total Pension Liability		
Interest on Total Pension Liability	\$ 19,718	\$ 18,515
Changes in Benefits Terms	-	67,432
Difference between Expected and Actual Experience	72,196	-
Changes in Assumptions	<u>52,512</u>	<u>-</u>
Net Change in Total Pension Liability	144,426	85,947
Total Pension Liability - Beginning	<u>303,360</u>	<u>217,413</u>
Total Pension Liability - Ending (a)	<u>\$ 447,786</u>	<u>\$ 303,360</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ -	\$ 10,333
Contributions - Employee	-	-
Net Investment Income	(38,312)	9,590
Administrative Expenses	(7,750)	(10,333)
Investment Experience (Loss)/Gain	<u>-</u>	<u>81,140</u>
Net Change in Plan Fiduciary Net Position	(46,062)	90,730
Plan Fiduciary Net Position - Beginning	<u>315,407</u>	<u>224,677</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 269,345</u>	<u>\$ 315,407</u>
Net Pension (Asset) Liability - Ending [(a) - (b)]	<u>\$ 178,441</u>	<u>\$ (12,047)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.15%	103.97%
Covered Payroll	N/A	N/A
Net Pension (Asset) Liability as a Percentage of Covered Payroll	N/A	N/A

* Fiscal year 2021 was the 1st year of implementation; therefore, only two years are shown.

**MARIN COUNTY TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FOR THE LAST 10 YEARS ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Actuarially Determined Contributions	\$ 9,368	\$ -
Contributions in Relation to the Actuarially Determined Contributions	<u>-</u>	<u>10,333</u>
Contribution Deficiency (Excess)	<u>\$ 9,368</u>	<u>\$ (10,333)</u>
Covered Payroll	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A

Notes to Schedule:

Valuation Date July 1, 2021

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal (level % of pay)
Asset Valuation Method	Market Value
Amortization Method and Period	Open, level dollar, 15 years starting 7/1/2020
Investment Rate of Return	6.00%
Salary Scale	2.75% wage inflation, plus rates varying by entry age
Pre-Retirement Mortality	None
Post-Retirement Mortality	CalPERS' 2017 Experience Study

* Fiscal year 2021 was the 1st year of implementation; therefore, only two years are shown.

SUPPLEMENTARY INFORMATION

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**MARIN COUNTY TRANSIT DISTRICT
SUPPLEMENTARY INFORMATION**

**STATEMENTS OF FIDUCIARY NET POSITION – RETIREMENT PLAN
JUNE 30, 2022 AND 2021**

	2022	2021
ASSETS		
Cash	\$ -	\$ -
Contributions receivable	9,037	8,480
Investments		
Fixed income	-	10,926
Target date funds	1,530,550	1,697,566
Bond Funds	74,683	74,162
Stock mutual funds	215,422	233,083
	1,820,655	2,015,737
Total Investments		
	1,829,692	2,024,217
TOTAL ASSETS		
	1,829,692	2,024,217
TOTAL NET POSITION RESTRICTED FOR RETIREMENT BENEFITS	\$ 1,829,692	\$ 2,024,217

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION – RETIREMENT PLAN
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
ADDITIONS		
Contributions - employer	\$ 247,644	\$ 238,421
Increase in investments	(386,918)	414,483
Dividends	46,243	30,893
Capital Gains	17,463	7,799
	(75,568)	691,596
TOTAL ADDITIONS		
	(75,568)	691,596
DEDUCTIONS		
Admin Expenses	(9,858)	8,033
Withdrawals	(109,099)	-
	(118,957)	8,033
TOTAL DEDUCTIONS		
	(118,957)	8,033
NET INCREASE IN NET POSITION	(194,525)	683,563
Net position restricted for retirement benefits - beginning of year	2,024,217	1,340,654
NET POSITION RESTRICTED FOR RETIREMENT BENEFITS - END OF YEAR	\$ 1,829,692	\$ 2,024,217

Number of Participants in Retirement Plan:

Active	15	14
Retiree	-	-
Terminated	9	10

**MARIN COUNTY TRANSIT DISTRICT
BUDGETARY COMPARISON SCHEDULE – OPERATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Fares	\$ 3,017,579	\$ 3,017,579	\$ 2,931,085	\$ (86,494)
Advertising and other revenues	610,447	610,447	553,176	(57,271)
Fees for service	1,342,481	1,342,491	1,622,415	279,924
Interest	160,700	160,700	3,027	(157,673)
Measure AA	12,726,002	12,726,002	7,956,597	(4,769,405)
Measure B	944,943	944,943	808,354	(136,589)
Property taxes	4,940,101	4,940,101	5,341,685	401,584
Redevelopment area (RDA) fees	45,500	45,500	62,935	17,435
State Transit Assistance (STA)	2,384,860	2,384,860	2,601,124	216,264
Transportation Development Act (TDA)	587,942	5,871,942	6,565,228	693,286
Other state revenue	32,300	32,300	32,156	(144)
Federal Transit Administration (FTA) funds	5,294,542	5,294,542	8,115,859	2,821,317
National Park Service grant	418,694	418,694	290,824	(127,870)
Cost center transfers	(841,996)	(753,564)	(22,206)	731,358
Total revenues	31,664,095	37,036,537	36,862,259	(174,278)
EXPENDITURES				
Salaries and benefits	2,806,721	2,806,721	2,592,222	214,499
Consultant services	590,752	590,752	397,541	193,211
Professional service - legal	103,000	103,000	135,851	(32,851)
Security and maintenance	388,631	388,631	381,099	7,532
Customer service	678,352	569,638	782,340	(212,702)
Mobility management support	92,360	92,360	3,942	88,418
Grants to external agencies	410,406	410,406	591,935	(181,529)
Office supplies	397,352	397,352	318,788	78,564
COVID-19 cleaning and supplies	342,000	342,000	105,550	236,450
General insurance	72,928	72,928	88,026	(15,098)
Contract service operation	25,960,597	26,421,441	24,814,294	1,607,147
Membership and prof development	53,888	53,888	44,580	9,308
Mileage and travel	25,750	25,750	5,095	20,655
Marketing	178,411	178,411	56,060	122,351
Communication	264,888	264,888	196,614	68,274
Fuel	3,124,622	3,121,432	2,997,168	124,264
Utilities	65,000	65,000	36,723	28,277
Vehicle leases	26,236	26,236	26,640	(404)
Office - rental and overhead	146,260	146,260	150,660	(4,400)
Cost center transfers	(346,410)	(346,410)	(318,732)	(27,678)
Total expenditures	35,381,744	35,730,684	33,406,396	2,324,288
Excess (Deficiency) of revenues over (under) expenditures	\$ (3,717,649)	\$ 1,305,853	\$ 3,455,863	\$ 2,150,010

**MARIN COUNTY TRANSIT DISTRICT
BUDGETARY COMPARISON SCHEDULE – CAPITAL PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Interest	\$ -	\$ -	\$ 11,436	11,436
Local Government Payments	-	-	20,539	20,539
Measure A sales tax	120,000	120,000	-	(120,000)
Measure A sales tax - capitalized	5,457	5,457	-	(5,457)
Measure A sales tax - interest	1,100,000	1,100,000	-	(1,100,000)
Measure AA sales tax	17,000	17,000	307,285	290,285
Measure AA sales tax - capitalized	850,000	415,418	578,888	163,470
Measure B	2,000	2,000	-	(2,000)
STA - Revenue Based	45,000	45,000	-	(45,000)
STA - State of Good Repair (SGR)	56,241	44,690	44,718	28
State Proposition 1B	2,000	2,000	-	(2,000)
State- Low Carbon Transit Operations Program	-	1,338,883	1,315,115	(23,768)
FTA 5307 Urbanized Area Formula	5,118,748	4,338,697	3,624,660	(714,037)
Golden Gate payment for local paratransit	-	-	4,793	-
Golden Gate payment for regional paratransit	-	-	5,780	5,780
Sale of assets	-	-	32,281	32,281
Property tax transfer	841,996	753,564	22,206	(731,358)
Total revenues	8,158,442	8,182,709	5,967,701	(2,219,801)
EXPENDITURES				
<i>Vehicles</i>				
Purchase 4 40ft Electric	4,357,915	4,356,883	4,063,315	293,568
Hybrid Battery Replacement	150,000	150,000	-	150,000
Non Revenue Vehicle	49,000	49,000	321	48,679
Replace 5 Paratransit Vehicles	505,000	505,000	2,406	502,594
Paratransit Electric Vehicles	5,000	5,000	-	5,000
Purchase 2 XHF Replacements	900,094	900,443	907,062	(6,619)
<i>Facilities and Stops</i>				
Novato Bus Stops	61,115	61,115	1,063	60,052
ADA Bus Stop Improvements	303,000	303,000	135,722	167,278
<i>Facility</i>				
Kerner Maintenance Facility Purchase	100,000	3,285,630	2,941,363	344,267
Kerner Facility Improvements	1,000,000	1,100,000	996,220	103,780
Parking Facility ROW	-	200,000	175,293	24,707
Facility Improvements	2,680,000	2,637,957	586,771	2,051,186
Yellow Bus Parking/Facility	3,000,000	3,000,000	-	3,000,000
<i>Technology Projects</i>				
Realtime Signs	30,318	55,268	69,277	(14,009)
Mera	-	-	27,278	(27,278)
<i>Ongoing Capital Expenses</i>				
Bus stop maintenance	120,000	120,000	108,234	11,766
Golden Gate capital costs	17,000	17,000	20,454	(3,454)
Infrastructure support	360,000	360,000	556,377	(196,377)
Major vehicle repairs	200,000	200,000	40,711	159,289
Total expenditures	13,838,442	17,306,296	10,631,867	6,674,429
Deficiency of revenues (under) expenditures	\$ (5,680,000)	\$ (9,123,587)	\$ (4,664,166)	\$ (8,894,230)

**MARIN COUNTY TRANSIT DISTRICT
 BUDGETARY COMPARISON SCHEDULE –
 RECONCILIATION TO STATEMENT OF ACTIVITIES
 AND CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Excess of revenues over expenditures - budgetary basis (operations)	\$ 3,455,863
Deficiency of revenues under expenditures - budgetary basis (capital program)	(4,664,166)
Excess of revenues over expenditures - budgetary basis (facilities)	-
Amounts not budgeted:	
Capital asset additions	10,239,136
Depreciation and amortization expense	(4,754,288)
Lease addition	902,219
Lease liability addition	<u>(902,219)</u>
Increase in net position	<u><u>\$ 4,276,545</u></u>

STATISTICAL SECTION

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STATISTICAL SECTION

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

Contents	<u>Pages</u>
<u>Financial Trends</u>	
This segment contains trend information to help the reader understand how the District's financial performance and well-being have changed over time.....	41-43
<u>Revenue Capacity</u>	
This segment includes information to help the reader assess the District's most significant own-source revenues: passenger fares and property taxes.....	44-49
<u>Debt Capacity</u>	
This segment presents information intended to assist the reader in understanding and assessing the District's current level of outstanding debt and its ability to issue additional debt in the future.	50
<u>Economic and Demographic Information</u>	
This segment depicts county-wide demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	51-52
<u>Operating Information</u>	
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.....	53-57

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Net investment in capital assets	\$ 6,113,707	\$ 7,201,252	\$ 8,665,148	\$ 19,166,232	\$ 20,849,921	\$ 29,085,919	\$ 28,758,459	\$ 40,142,892	\$ 40,895,229	\$ 46,378,836
Restricted net position	-	-	-	307,027	31,624	-	-	-	-	-
Unrestricted net position	<u>7,341,199</u>	<u>9,236,575</u>	<u>11,847,226</u>	<u>15,421,852</u>	<u>19,402,481</u>	<u>23,136,349</u>	<u>27,234,152</u>	<u>32,012,829</u>	<u>36,786,818</u>	<u>35,579,756</u>
Total net position	<u>\$ 13,454,906</u>	<u>\$ 16,437,827</u>	<u>\$ 20,512,374</u>	<u>\$ 34,895,111</u>	<u>\$ 40,284,026</u>	<u>\$ 52,222,268</u>	<u>\$ 55,992,611</u>	<u>\$ 72,155,721</u>	<u>\$ 77,682,047</u>	<u>\$ 81,958,592</u>

Source: MCTD Audited Financial Statements

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
OPERATING REVENUES										
Transit fares	\$ 3,720,004	\$ 3,731,205	\$ 3,669,514	\$ 3,586,587	\$ 3,528,289	\$ 3,570,143	\$ 3,303,234	\$ 2,664,354	\$ 1,456,012	\$ 2,494,806
Contractual compensation	1,734,847	1,906,714	1,950,099	2,028,796	1,765,230	1,830,716	1,834,761	1,778,963	1,291,815	1,607,414
Special fares	-	20,000	-	250,798	269,244	265,509	279,819	225,860	193,008	258,493
School bus revenues	-	-	-	130,000	145,000	145,000	145,000	151,010	-	46,112
Advertising	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING REVENUES	5,454,851	5,657,919	5,619,613	5,996,181	5,707,763	5,811,368	5,562,814	4,820,187	2,940,835	4,406,825
OPERATING EXPENSES										
Purchased transportation services	20,517,322	21,720,736	21,888,029	20,461,632	21,422,651	22,698,220	24,245,772	24,614,822	23,220,993	24,818,237
Depreciation and amortization	715,867	937,139	917,002	1,753,960	2,387,889	2,908,165	3,549,062	4,119,852	4,479,124	4,784,362
Salaries and benefits	143,364	964,311	1,327,913	1,631,669	1,973,470	1,881,194	2,099,316	2,420,797	2,435,258	2,527,315
Fuel	953,177	1,355,476	1,291,857	1,619,444	1,818,940	2,161,545	2,521,502	2,112,076	1,891,121	2,997,169
Professional services	351,732	486,242	554,304	1,003,065	1,177,446	1,440,732	1,340,332	1,352,263	1,571,188	1,696,700
General and administrative	188,549	165,775	129,360	179,181	199,985	244,554	223,930	314,814	345,271	411,724
Utilities	43,021	73,940	91,016	106,949	116,578	98,832	64,639	149,744	193,029	205,875
Marketing	72,424	136,455	114,660	127,154	114,823	150,501	116,677	126,142	96,231	56,052
Leases and rentals	155,728	100,975	92,236	94,469	96,668	47,873	126,723	137,817	140,532	143,874
Other services	70,615	66,750	66,654	61,792	51,035	26,214	50,069	48,090	23,115	51,120
Casualty and liability costs	25,433	25,738	29,444	29,580	18,083	31,526	31,798	48,404	66,488	79,764
Maintenance costs	734	53,439	89,988	15,961	10,448	19,195	5,575	14,578	39,422	167,280
Capital costs	197,002	383,848	330,949	109,393	9,085	98,034	17,893	(3,557)	16,696	20,455
Contract labor ¹	1,324,074	469,169	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES	24,759,042	26,939,993	26,923,412	27,194,249	29,397,101	31,806,585	34,393,288	35,455,842	34,518,468	37,959,927
OPERATING LOSS	\$ (19,304,191)	\$ (21,282,074)	\$ (21,303,799)	\$ (21,198,068)	\$ (23,689,338)	\$ (25,995,217)	\$ (28,830,474)	\$ (30,635,655)	\$ (31,577,633)	\$ (33,553,102)

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
NONOPERATING REVENUES (EXPENSES)										
Intergovernmental revenue	\$ 16,623,069	\$ 18,559,479	\$ 19,097,503	\$ 19,069,595	\$ 20,529,158	\$ 22,142,502	\$ 24,340,749	\$ 25,660,130	\$ 26,303,660	\$ 26,855,061
Property tax revenue	3,229,758	3,447,835	3,611,357	3,848,219	4,111,657	4,321,194	4,561,268	4,803,083	5,025,293	5,382,566
Advertising	334,864	344,516	283,443	229,202	245,018	280,788	240,960	237,238	201,573	232,513
Rental income	-	-	-	157,712	152,772	158,256	172,018	282,930	337,195	320,663
Interest income	2,575	5,399	9,816	14,044	51,968	118,552	198,695	353,736	125,929	14,463
Miscellaneous income	-	-	2,134	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	(1,552)
Other revenues/gain (loss) on disposal of capital assets	(21,696)	30,171	-	88,571	1,102	2,093	-	-	110,250	32,281
Pass through of Measure A to Golden Gate	-	(85,000)	-	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)	(232,085)	(591,935)
TOTAL NONOPERATING REVENUES (EXPENSES)	20,168,570	22,302,400	23,004,253	23,322,343	25,006,675	26,938,385	29,428,690	31,252,117	31,871,815	32,244,060
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	864,379	1,020,326	1,700,454	2,124,275	1,317,337	943,168	598,216	616,462	294,182	(1,309,042)
CAPITAL CONTRIBUTIONS										
Intergovernmental revenue	3,200,843	1,962,595	2,374,093	12,250,751	4,038,739	10,979,056	3,126,499	15,495,044	5,225,566	5,563,381
Other revenue	-	-	-	7,711	32,839	16,018	45,628	51,604	6,578	22,206
TOTAL CAPITAL CONTRIBUTIONS	3,200,843	1,962,595	2,374,093	12,258,462	4,071,578	10,995,074	3,172,127	15,546,648	5,232,144	5,585,587
CHANGE IN NET POSITION	4,065,222	2,982,921	4,074,547	14,382,737	5,388,915	11,938,242	3,770,343	16,163,110	5,526,326	4,276,545
Net position at beginning of year	9,389,684	13,454,906	16,437,827	20,512,374	34,895,111	40,284,026	52,222,268	55,992,611	72,155,721	77,682,047
Prior period adjustment	-	-	-	-	-	-	-	-	-	-
Net position at beginning of year, as restated	9,389,684	13,454,906	16,437,827	20,512,374	34,895,111	40,284,026	52,222,268	55,992,611	72,155,721	77,682,047
NET POSITION AT END OF YEAR	\$ 13,454,906	\$ 16,437,827	\$ 20,512,374	\$ 34,895,111	\$ 40,284,026	\$ 52,222,268	\$ 55,992,611	\$ 72,155,721	\$ 77,682,047	\$ 81,958,592

¹ Labeled "Staff Compensation" from FY09 to FY12.

Source: MCTD Audited Financial Statements

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fare revenue ¹	\$ 3,720,004	\$ 3,751,205	\$ 3,669,514	\$ 3,837,385	\$ 3,797,533	\$ 4,044,536	\$ 4,024,376	\$ 3,233,297	\$ 1,652,855	\$ 2,931,085
Passengers ²	3,432,469	3,546,112	3,464,628	3,332,265	3,216,894	3,293,385	3,263,451	2,643,771	1,485,512	2,427,606
Average fare per passenger	\$ 1.08	\$ 1.06	\$ 1.06	\$ 1.15	\$ 1.18	\$ 1.23	\$ 1.23	\$ 1.22	\$ 1.11	\$ 1.21

¹ Source: Marin Transit Budgetary Comparison Operations

² Sources: MCTD Short Range Transit Plans, Monthly Monitoring & Performance Statistic Reports

³ Includes National Park fare payments in 2018.

**MARIN COUNTY TRANSIT DISTRICT
STATISTICAL SECTION
REVENUE CAPACITY
FARE STRUCTURE
AS OF JUNE 30, 2022**

<u>Category</u>	<u>Cash Price</u>	<u>Clipper</u>	<u>6 Month Pass</u> ¹	<u>1-Day Pass</u>	<u>31-Day Pass</u>
Adult	\$2.00	\$1.80	-	\$5.00	\$40.00
Youth (5-18)	\$1.00	\$1.00	\$175.00 ¹	\$2.50	\$40.00
Children Under 5		Free when accompanied by an adult			
Seniors (65+)	\$1.00	\$1.00	-	\$2.50	\$20.00
Persons with Disabilities	\$1.00	\$1.00	-	\$2.50	\$20.00
ADA Mandated Service ²	\$3.00	-	-	-	-
ADA Non-Mandated Service ³	\$3.00	-	-	-	-

¹ Free to low income youth. \$325 for a year.

² Americans with Disabilities Act (ADA) Regulations permit fares for ADA Mandated trips to be as high as \$4.00.

³ ADA Regulations set no maximum for Non-Mandated ADA trips.

<u>Muir Woods Fare Category</u> ¹	<u>Current Fare</u>
Adult	\$3.50
Youth (16-18)	\$3.50
Youth (under 16)	Free
Senior/Disabled (without NPS Pass)	\$3.50
Senior/Disabled and up to three party members (with NPS Pass)	Free

¹ National Park Service (NPS) pays additional \$1.50 per passenger

Source: MCTD 2018-2027 Short Range Transit Plan

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 ²
Local Measure A half cent sales tax revenue	\$ 23,619,507	\$ 24,086,678	\$ 25,265,790	\$ 25,702,937	\$ 25,755,761	\$ 27,507,852	\$ 28,976,081	\$ 27,345,662	\$ 30,832,521	\$ 34,754,393
Annual growth	11.1%	2.0%	4.9%	1.7%	0.2%	6.8%	5.3%	-5.6%	12.8%	12.7%
Sales tax revenue available to Marin Transit ¹	\$ 11,944,532	\$ 12,208,421	\$ 12,874,175	\$ 13,117,917	\$ 13,144,538	\$ 13,215,609	\$ 14,163,872	\$ 12,228,128	\$ 14,814,083	\$ 15,883,614
Percent of Measure A revenue	51%	51%	51%	51%	51%	48%	49%	45%	48%	46%
Annual growth	12.5%	2.2%	5.5%	1.9%	0.2%	0.5%	7.2%	-13.7%	21.1%	7.2%
Sales tax reserve funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -

¹ 55% of Sales Tax Receipts after administrative reductions

² Preliminary numbers

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

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Property tax and development fee revenue	\$ 3,229,758	\$ 3,447,835	\$ 3,611,357	\$ 3,855,930	\$ 4,144,496	\$ 4,337,212	\$ 4,606,896	\$ 4,810,992	\$ 5,031,871	\$ 5,404,620
Expended on operations	3,229,758	3,447,835	3,611,357	3,848,219	4,111,657	4,321,194	4,561,268	4,803,083	5,025,293	5,382,414
Expended on capital	-	-	-	1,556,521	32,839	16,018	45,628	7,009	6,578	22,206
Annual growth	2.1%	6.8%	4.7%	6.8%	7.5%	4.6%	6.2%	4.4%	4.6%	7.4%

Source: MCTD Audited Financial Statements, Budgetary Comparison Schedule

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Secured ¹	\$ 56,725,179	\$ 58,938,343	\$ 62,341,701	\$ 66,718,112	\$ 70,952,207	\$ 74,715,394	\$ 78,744,004	\$ 82,751,301	\$ 86,556,017	*
Unsecured ²	1,470,366	1,480,668	1,530,991	1,556,521	1,566,336	1,610,799	1,790,104	2,029,049	2,301,065	*
Exempt ³	1,958,091	2,013,902	2,037,580	2,067,204	2,079,024	2,157,806	2,336,693	2,619,669	2,883,830	*
Total Taxable Assessed Value	<u>\$ 56,237,454</u>	<u>\$ 58,405,109</u>	<u>\$ 61,835,112</u>	<u>\$ 66,207,429</u>	<u>\$ 70,439,519</u>	<u>\$ 74,168,387</u>	<u>\$ 78,197,415</u>	<u>\$ 82,160,681</u>	<u>\$ 85,973,252</u>	<u>\$ -</u>
Total Direct Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	*
Growth Rate	0.8%	3.9%	5.9%	7.1%	6.4%	5.3%	5.5%	5.3%	4.5%	

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

² Unsecured property is generally personal property including machinery, equipment, office tools, and supplies.

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

* Unavailable

Source: Department of Finance – County of Marin, California

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
County Direct Rate	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	*
Local Special Districts	0.7721%	0.2876%	0.8156%	0.8200%	0.9221%	0.9041%	1.1128%	1.0045%	0.9722%	*
Schools	<u>0.7884%</u>	<u>0.7775%</u>	<u>0.8000%</u>	<u>0.8114%</u>	<u>0.8506%</u>	<u>0.8381%</u>	<u>0.9108%</u>	<u>0.8414%</u>	<u>0.8291%</u>	*
Cities	<u>0.2522%</u>	<u>0.2601%</u>	<u>0.2519%</u>	<u>0.2510%</u>	<u>0.2394%</u>	<u>0.2353%</u>	<u>0.2357%</u>	<u>0.2252%</u>	<u>21.6500%</u>	*
Total Direct and Overlapping ²	<u>2.8127%</u>	<u>2.3252%</u>	<u>2.8675%</u>	<u>2.8824%</u>	<u>3.0121%</u>	<u>2.9775%</u>	<u>3.2593%</u>	<u>3.0711%</u>	<u>2.0178%</u>	<u>0.0000%</u>

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

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

* Unavailable

Source: Department of Finance – County of Marin, California

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

Lender	Original Loan Amount	Date of Loan	Purpose	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
N/A	N/A	N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Source: MCTD Audited Financial Statements

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Population ¹	258,506	260,516	261,054	260,651	260,955	259,666	259,085	257,332	*	*
Personal income (in thousands) ¹	\$ 25,045,431	\$ 27,176,774	\$ 29,227,230	\$ 30,222,883	\$ 32,502,500	\$ 34,866,708	\$ 36,684,680	\$ 37,461,199	*	*
Per capita personal income ¹	\$ 96,885	\$ 104,319	\$ 111,959	\$ 1,556,521	\$ 124,552	\$ 134,275	\$ 141,735	\$ 145,575	*	*
School enrollment ²	31,868	32,793	33,207	33,638	33,633	33,741	33,441	33,516	31,939	30,811
Unemployment rate ³	5.8%	4.8%	3.9%	3.4%	3.16%	2.62%	2.42%	4.48%	6.11%	3.03%

* Unavailable

Sources:

¹ US Department of Commerce, Bureau of Economic Analysis – www.bea.gov

² California Department of Education, Educational Demographics Office – www.ed-data.org/county/Marin, Census Day Enrollment

³ Employment Development Department, Labor Market Information – www.labormarketinfo.edd.ca.gov

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

2022			2012		
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment
County of Marin	2,366	1.89%	County of Marin	2,033	1.62%
Kaiser Permanente Medical Center	2,059	1.64%	San Quentin State Prison	1,803	1.44%
BioMarin Pharmaceutical	1,868	1.49%	Kaiser Permanente Medical Center	1,802	1.44%
San Quentin Prison	1,543	1.23%	Fireman's Fund Insurance Co.	1,100	0.88%
Marin General Hospital	1,279	1.02%	Autodesk, Inc	950	0.76%
Novato Unified School District	1,092	0.87%	Marin General Hospital	878	0.70%
Glassdoor Inc	800	0.64%	Novato Unified School District	871	0.69%
Marin County Office of Education	659	0.53%	Safeway, Inc.	840	0.67%
San Rafael City Schools	594	0.47%	Macy's	813	0.65%
Marin Community Clinics	462	0.37%	BioMarin	620	0.49%
Total	<u>12,722</u>	<u>10.15%</u>		<u>11,710</u>	<u>9.34%</u>
Total County Employment	<u>125,400</u>			<u>124,200</u>	

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

Source:

County of Marin ACFR

**MARIN COUNTY TRANSIT DISTRICT
 STATISTICAL SECTION
 OPERATING INFORMATION
 DISTRICT PROFILE
 AS OF JUNE 30, 2022**

Date the District was Formed	1964
Form of Governance	Board of Directors, with General Manager
Total Employees	16
Service Area	All of Marin County
Area of District (in square miles)	Approximately 520
Population of Service Area ¹	259,441
Local Financial Support	Measure A Sales Tax Revenue
Number of Fixed Route Bus Routes	26
Revenue Service Hours	218,000
Average Passenger Trips per Revenue Hour	11.0
Number of Vehicles in Service	112
Bus Stops	600+

¹ As of 2019

Source: MCTD Finance Department, FY 2018 System Performance Report

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Federal Revenue										
Federal Transit Administration	\$ 1,070,210	\$ 1,375,087	\$ 1,317,128	\$ 901,433	\$ 1,065,347	\$ 1,151,839	\$ 1,421,148	\$ 3,475,476	\$ 9,207,534	\$ 8,115,859
United States Department of the Interior - National Park Service	126,276	159,028	168,665	150,865	89,009	154,736	323,371	370,245	14,177	290,671
United States Department of the Interior - NPS Fare Reimbursement	-	-	-	-	-	187,050	406,475	113,828	2,302	71,414
Total Federal Revenue	<u>1,196,486</u>	<u>1,534,115</u>	<u>1,485,793</u>	<u>1,052,298</u>	<u>1,154,356</u>	<u>1,493,625</u>	<u>2,150,994</u>	<u>3,959,549</u>	<u>9,224,013</u>	<u>8,477,944</u>
State Revenue										
Transportation Development Act	3,591,333	4,015,345	4,542,050	4,562,778	4,440,516	4,614,306	5,109,399	5,225,171	3,817,097	6,565,228
State Transit Assistance	1,602,754	1,360,737	1,310,912	1,316,134	1,576,690	1,285,220	1,909,202	2,047,902	1,680,205	2,600,376
Public Transportation Modernization, Improvement, and Service Enhancement Account	-	-	-	-	-	-	-	-	-	-
State Renewable Energy Credits	-	-	-	-	-	-	-	-	14,010	13,528
Home Owner Property Tax Relief	19,661	19,500	19,326	19,138	18,953	18,940	18,779	18,719	18,541	18,412
Low Carbon Transit Operations Program	-	-	-	275,413	-	128,676	335,795	-	-	-
Caltrans	232	253	208	283	320	334	284	239	217	216
Total State Revenue	<u>5,213,980</u>	<u>5,395,835</u>	<u>5,872,496</u>	<u>6,173,746</u>	<u>6,036,479</u>	<u>6,047,476</u>	<u>7,373,459</u>	<u>7,292,031</u>	<u>5,530,070</u>	<u>9,197,760</u>
Local Revenue										
Measure A	9,671,912	10,849,462	10,860,313	10,998,120	12,542,551	13,541,585	13,739,881	1,953,742	1,106,168	-
Measure A Interest	-	85,000	-	85,000	85,000	85,000	85,000	85,000	-	-
Measure AA	-	-	-	-	-	-	-	11,212,364	9,529,277	8,263,882
Measure B	534,025	671,308	863,617	730,335	627,198	974,816	991,415	956,702	910,679	808,354
Metropolitan Transportation Commission	6,666	-	-	-	-	-	-	-	-	-
Golden Gate Bridge Highway and Transportation District	-	-	-	-	-	-	-	30,000	-	-
County of Marin	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	23,759	15,284	30,096	83,574	-	-	170,742	3,453	107,121
Total Local Revenue	<u>10,212,603</u>	<u>11,629,529</u>	<u>11,739,214</u>	<u>11,843,551</u>	<u>13,338,323</u>	<u>14,601,401</u>	<u>14,816,296</u>	<u>14,408,550</u>	<u>11,549,577</u>	<u>9,179,357</u>
Total Intergovernmental Revenue	<u>\$ 16,623,069</u>	<u>\$ 18,559,479</u>	<u>\$ 19,097,503</u>	<u>\$ 19,069,595</u>	<u>\$ 20,529,158</u>	<u>\$ 22,142,502</u>	<u>\$ 24,340,749</u>	<u>\$ 25,660,130</u>	<u>\$ 26,303,660</u>	<u>\$ 26,855,061</u>

Source: MCTD Audited Financial Statements

**MARIN COUNTY TRANSIT DISTRICT
 STATISTICAL SECTION
 OPERATING INFORMATION
 SUMMARY OF SERVICE PROVIDER CONTRACTS
 AS OF JUNE 30, 2022**

Contract Type	Services Provided	Contractor	Current Term
Intergovernmental agreement	Local Fixed Route	Golden Gate Bridge Highway and Transportation District	July 1, 2015 — December 31, 2022
Competitively bid	Community Shuttles and Fixed Route Service	Marin Airporter	July 1, 2018 — June 30, 2023
Competitively bid	Rural and Seasonal Services	MV Transportation	July 1, 2018 — June 30, 2023
Competitively bid	Local Paratransit and Novato Dial-A-Ride	Transdev	February 1, 2022 — June 30, 2025
Competitively bid	Yellow Bus Service	Michael's Transportation	July 1, 2018 — June 30, 2022

Source: Finance Department

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number of buses owned	55	58	66	90	95	105	109	122	113	114
Cost of assets:										
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,550,836	\$ 1,550,836	\$ 3,027,166
Work in progress	701,902	1,024,112	2,176,497	1,746,405	3,610,173	748,556	1,454,572	206,286	673,962	6,132,780
Revenue vehicles	6,987,949	6,758,552	7,597,033	17,466,010	19,108,821	26,957,885	29,173,879	38,400,723	40,972,893	40,767,669
Facilities and stops	-	1,495,243	1,553,706	2,913,267	70,439,519	8,471,174	8,583,219	9,425,818	9,310,585	9,310,585
Communication and data equipment	984,560	1,065,948	1,251,626	1,251,626	1,634,293	1,821,367	1,881,522	1,875,943	1,522,292	1,728,266
Fare revenue collection equipment	257,913	266,465	412,356	412,356	459,532	464,862	464,862	434,929	434,929	434,929
Furniture and fixtures	88,351	88,351	88,351	88,351	88,351	88,351	123,907	123,907	123,907	232,770
Administrative Buildings	-	-	-	-	-	-	-	3,987,865	3,987,865	4,045,565
Maintenance Buildings	-	-	-	-	-	-	-	-	-	1,945,690
Non-revenue vehicles	6,300	6,300	6,300	6,300	6,300	403,044	403,044	396,744	396,744	396,744
Right-to-use leased asset	-	-	-	-	-	-	-	-	-	902,219
Total cost of assets	<u>9,026,975</u>	<u>10,704,971</u>	<u>13,085,869</u>	<u>23,884,315</u>	<u>95,346,989</u>	<u>38,955,239</u>	<u>42,085,005</u>	<u>56,403,051</u>	<u>58,974,013</u>	<u>68,924,383</u>
Less: accumulated depreciation and amortization	<u>2,913,268</u>	<u>3,503,719</u>	<u>4,420,721</u>	<u>4,718,083</u>	<u>7,001,075</u>	<u>9,869,320</u>	<u>13,326,546</u>	<u>16,260,159</u>	<u>18,078,784</u>	<u>21,672,161</u>
Net capital assets	<u>\$ 6,113,707</u>	<u>\$ 7,201,252</u>	<u>\$ 8,665,148</u>	<u>\$ 19,166,232</u>	<u>\$ 88,345,914</u>	<u>\$ 29,085,919</u>	<u>\$ 28,758,459</u>	<u>\$ 40,142,892</u>	<u>\$ 40,895,229</u>	<u>\$ 47,252,222</u>

Source: MCTD Audited Financial Statements

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

	2015	2016	2017	2018	2019	2020	2021	2022
Motorbus:								
Vehicles Operated in Annual Maximum Service (VOMS)	69	53	55	54	54	54	56	59
Vehicles Available for Annual Maximum Service	85	82	74	71	71	71	75	77
Total Actual Vehicle Revenue Miles	2,133,375	2,166,258	2,307,555	2,300,458	2,317,639	2,272,524	2,792,082	2,912,236
Total Actual Vehicle Revenue Hours	152,799	156,803	178,049	180,238	180,036	175,859	203,747	189,985
Unlinked Passenger Trips	3,252,116	3,031,450	2,926	3,001,619	2,978,991	2,423,027	1,429,586	2,294,429
Passenger Miles Traveled (PMT)	13,209,269	12,312,979	11,970,345	12,281,711	12,189,124	9,914,289	8,048,569	12,671,390
Days Operated	365	366	365	365	365	366	365	365
Demand Response:								
Vehicles Operated in Annual Maximum Service (VOMS)	38	27	26	31	33	31	18	21
Vehicles Available for Annual Maximum Service	39	34	46	39	42	39	37	35
Total Actual Vehicle Revenue Miles	927,058	688,072	617,199	704,224	753,794	599,879	298,590	428,922
Total Actual Vehicle Revenue Hours	60,417	44,764	42,806	47,569	55,083	42,439	22,829	25,972
Unlinked Passenger Trips	137,131	98,483	93,410	98,068	108,076	86,049	31,166	51,300
ADA Unlinked Passenger Trips (UPT)	132,138	98,236	93,174	97,832	106,918	85,409	25,880	42,843
Passenger Miles Traveled (PMT)	1,039,975	811,798	757,048	772,059	717,078	592,626	210,912	375,530
Days Operated	365	366	365	365	365	366	365	365

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

Source: National Transit Database Reports

OTHER REPORTS

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

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), a component unit of the County of Marin, California, as of and for the fiscal year ended June 30, 2022, 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 17, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 District'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
November 17, 2022

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

Report on Compliance with Transportation Development Act Requirements

We have audited the Marin County Transit District's (the District), a component unit of the County of Marin, California, compliance with Transportation Development Act (TDA) requirements that funds allocated to and received by the District were expended in conformance with applicable statutes, rules, and regulations of the TDA and the allocation instructions and resolutions of the Metropolitan Transportation Commission as required by Section 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations during the fiscal year ended June 30, 2022.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the applicable statutes, rules, and regulations of the TDA.

Auditor's Responsibility

Our responsibility is to express an opinion on each of the District's compliance requirements referred to in Section 6667, which requires that, for a transit claimant, the independent auditor will perform at least the following tasks:

- (a) Determine whether the claimant was an entity eligible to receive the funds allocated to it;
- (b) Determine whether the claimant is maintaining its accounts and records on an enterprise fund basis and is otherwise in compliance with the uniform system of accounts and records adopted by the State Controller, pursuant to Public Utilities Code Section 99234;
- (c) Determine whether the funds received by the claimant pursuant to the TDA were expended in conformance with those sections of the TDA specifying the qualifying purposes, including Public Utilities Code Sections 99262 and 99263 for operators receiving funds under Article 4; Sections 99275, 99275.5, and 99277 for Article 4.5 claimants; Section 99400(c), (d), and (e) for Article 8 claimants for service provided under contract; and Section 99405(d) for transportation services provided by cities and counties with populations of less than 5,000;
- (d) Determine whether the funds received by the claimant pursuant to the TDA were expended in conformance with the applicable rules, regulations, and procedures of the transportation planning agency and in compliance with the allocation instructions and resolutions;
- (e) Determine whether interest earned on funds received by the claimant, pursuant to the TDA, were expended only for those purposes for which the funds were allocated in accordance with Public Utilities Code Sections 99234.1, 99301, 99301.5, and 99301.6;
- (f) Verify the amount of the claimant's operating cost for the fiscal year, the amount of fare revenues required to meet the ratios specified in Sections 6633.2 and 6633.5, and the amount of the sum of fare revenues and local support required to meet the ratios specified in the Section 6633.2;

- (g) Verify the amount of the claimant's actual fare revenues for the fiscal year;
- (h) Verify the amount of the claimant's actual local support for the fiscal year;
- (i) Verify the amount the claimant was eligible to receive under the TDA during the fiscal year in accordance with Sections 6634 and 6649;
- (j) Verify, if applicable, the amount of the operator's expenditure limitation in accordance with Section 6633.1;
- (k) In the case of an operator, determine whether the operator's employee retirement system or private pension plan is in conformance with the provisions of Public Utilities Code Sections 99271, 99272, and 99273;
- (l) In the case of an operator, determine whether the operator has had a certification by the Department of the California Highway Patrol verifying that the operator is in compliance with Section 1808.1 of the Vehicle Code, as required in Public Utilities Code Section 99251;
- (m) In the case of an operator, verify, if applicable, its State Transit Assistance eligibility pursuant to Public Utilities Code Section 99314.6 or 99314.7; and
- (n) In the case of a claimant for community transit services, determine whether it is in compliance with Public Utilities Code Sections 99155 and 99155.5.

Compliance with the requirements referred to above is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

Report on Public Transportation Modernization, Improvement, and Service Enhancement Account and the Transit System Safety, Security, Disaster Response Account, and the Low Carbon Transit Operations Program

Also, as part of our audit, we performed tests of compliance to determine whether certain state funds were received and expended in accordance with the applicable bond act and state accounting requirements.

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B). Of the \$19.925 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).

Additionally, Section 8879.23 (h) directs that \$1 billion dollars be deposited in the Transit System Safety, Security, and Disaster Response Account. This section further directs that \$100 million dollars be made available upon appropriation by the legislature to entities for eligible transit system safety, security, and disaster response projects (Office of Homeland Security (OHS)). These funds are available to the California Department of Transportation for intercity rail projects and to transit operations in California for rehabilitation, safety, or modernization improvements; capital service enhancements or expansions; new capital projects; bus rapid transit improvements; or for rolling stock procurement, rehabilitation, or replacement.

The Low Carbon Transit Operations Program (LCTOP) is one of several programs that are part of the Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2014 by Senate Bill 862. The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities. Approved projects in LCTOP will support new or expanded bus or rail services, expand intermodal transit facilities, and may include equipment acquisition, fueling, maintenance, and other costs to operate those services or facilities, with each project required to reduce greenhouse gas emissions.

As of June 30, 2022, all Proposition 1B funds received and expended were verified in the course of our audit as follows:

	Proposition 1B Grant Fund			
	PTMISEA	LCTOP	SGR	Total
Unexpended proceeds - July 1, 2021	\$ -	\$ 1,070,929	\$ 4,567	\$ 1,075,496
Proceeds received	-	284,681	283,399	568,080
Interest earned	-	465	69	534
Expenditures				
Local bus stop revitalization	-	1,315,115	44,718	1,359,833
Unexpended proceeds - June 30, 2022	<u>\$ -</u>	<u>\$ 40,960</u>	<u>\$ 243,317</u>	<u>\$ 284,277</u>


Opinion on Compliance

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the District for the fiscal year ended June 30, 2022.

Purpose of this Report

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



Bakersfield, California
November 17, 2022

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Marin County Transit District's (the District), a component unit of the County of Marin, compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the fiscal year ended June 30, 2022. 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.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
November 17, 2022

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**MARIN COUNTY TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

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

4. Identification of major programs:

Assistance Listing Number

20.507

Name of Federal Program

U.S. Department of Transportation,
Federal Transit Formula Grants

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

**MARIN COUNTY TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

B. CURRENT YEAR FINDINGS – FINANCIAL STATEMENTS

None.

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

None.

D. PRIOR YEAR FINDINGS – FINANCIAL STATEMENTS

None

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

None.

**MARIN COUNTY TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor, if Applicable/ Program Title/Grant or Pass-Through Number	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
U.S. Department of the Interior, National Park Service				
National Park Service Conservation, Protection, Outreach, and Education - Direct Program				
(Muir Woods Shuttle)	15.954	P18AC00483- 0001-A001 0002-A001	\$ -	\$ 362,085
Total U.S. Department of the Interior Direct Programs, National Park Service			-	362,085
U.S. Department of Transportation, Federal Transit Administration				
Federal Transit Cluster - 20.507 and 20.526				
Federal Transit Formula Grants - Direct Program				
(5307 - Novato Bus Stop Shelters)	20.507	CA-2021-137-00	-	852
(5307 - ADA Bus Stop Improvements)	20.507	CA-2021-137-00	-	108,577
(5307 - Purchase 5 Paratransit Replacements)	20.507	CA-2021-137-00	-	1,925
(5307 - ADA Paratransit Operations)	20.507	CA-2021-137-00	-	802,802
(5307 - Real Time Signs)	20.507	CA-2019-073	-	45,471
(5307 - Replace 2 35' XHF Vehicles)	20.507	CA-2020-148-01	-	719,635
(5307 - Purchase 4 Electric Buses)	20.507	CA-2020-148-01	-	2,748,200
(5307 - Fixed Route Operations)	20.507	CA-2021-062-00	-	3,654,814
(5307 - Fixed Route Operations)	20.507	CA-2022-010-01	-	3,000,000
Total Federal Transit Formula Grants			-	11,082,276
Total Federal Transit Cluster - 20.507 and 20.526			-	11,082,276
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	CA-2020-210-00	-	80,145
Passed-Through California State Transportation Agency, Department of Transportation				
Formula Grants for Rural Areas				
(5311 - Stagecoach Rural Operations)	20.509	64BO21-01721	-	228,696
(5311 - CRRSAA)	20.509	64R021-01643	-	304,048
Total Formula Grants for Rural Areas			-	532,744
Enhanced Mobility of Seniors and Individuals with Disabilities (5310 - CRRSAA)	20.513	64SO21-01556	-	45,354
Total Passed-Through California State Transportation Agency, Department of Transportation			-	578,098
TOTAL FEDERAL AWARDS			\$ -	\$ 12,102,604

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

**MARIN COUNTY TRANSIT DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Marin County Transit District (the District) under programs of the federal government for the fiscal year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the District's operations, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – INDIRECT COST ALLOCATION PLAN

The District has an indirect cost allocation plan (ICAP) approved by the United States Department of Transportation, Federal Transit Administration (FTA) that is charged to programs where allowed under the related agreements. The ICAP during the fiscal year ended June 30, 2022, included an ICAP rate of 20.49% and a fringe benefit rate of 55.16% of total direct salaries and wages.

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

NOTE 4 – SUBRECIPIENTS

There were no subrecipients of the District's programs during the fiscal year ended June 30, 2022.